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ABSTRACT

This report contains recommendations from the Sunset Advisory Commission for the Interagency Council on Early Childhood Intervention (ECI) in Austin, Texas. The Commission review of ECI focused on maximizing the resources of the existing service delivery system to improve the quality of services and to provide services to more children and their families Recommendations include: (1) modify ECI's current method of purchasing early intervention services to ensure the state receives the best value for its dollars; (2) tap additional funding sources to allow ECI services for more children; (3) ensure the council is meeting statutory objectives through a reassessment of its service delivery system; (4) strengthen accountability for public funds through improved performance monitoring; and (5) decide on continuation of the Interagency Council of Early Childhood Intervention as a separate agency after completion of Sunset reviews of all health and human services agencies. Background information is provided for each recommendation, along with the change in statute needed, management action needed, and fiscal impact. The document closes with across-the-board recommendations and a description of the history and activities of ECI. Appendices include a list of relevant federal and state statutes and services under the MCI Medicaid program. (CR)

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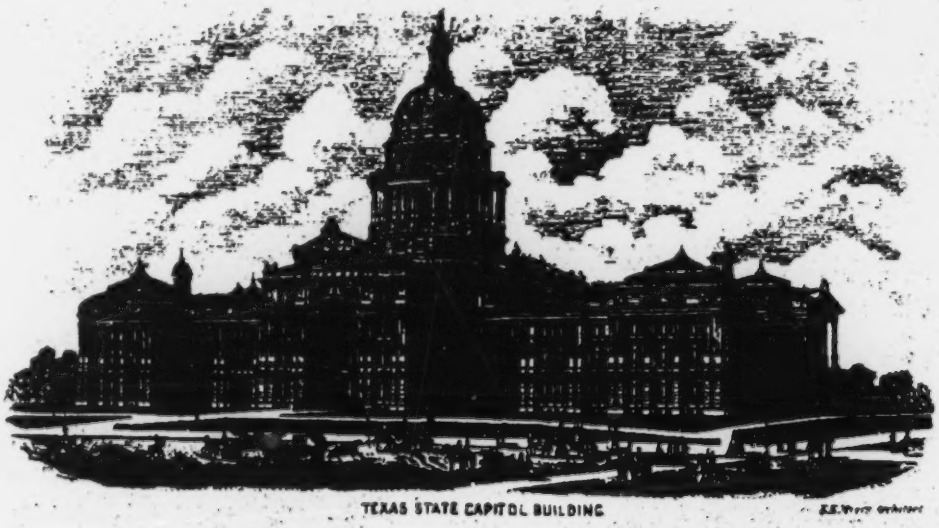

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Staff Report

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In 1977, the Texas Legislature created the Sunset Advisory Commission to identify and eliminate waste, duplication, and inefficiency in government agencies. The 10-member Commission is a legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them.

Interagency Council on Early Childhood Intervention

Sunset Staff Report

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Executive Summary

Executive Summary

The Interagency Council on Early Childhood Intervention (ECI) is responsible for planning and implementing early childhood intervention services for children who have, or are at risk of having, developmental delay. Early intervention services increase the chances children will meet developmental milestones as they enter the public school system and help lessen the need for more intensive special education during the school-age years.

ECI is the lead agency for early childhood intervention efforts in Texas under the Individuals with Disabilities Education Act (IDEA). The agency currently funds 69 programs responsible for providing comprehensive services to all eligible children in the state. Individual programs are contractually required to serve eligible children within all Texas counties. ECI staff estimate that three percent of Texas infants up to age three, or approximately 28,000 children, experience developmental delays making them eligible for ECI comprehensive services. In fiscal year 1997, ECI programs served over 21,000 children and their families. ECI Programs are affiliated with Education Service Centers, Independent School Districts, community and state mental health and mental retardation centers, and private/non-profit service providers.

To carry out its responsibilities, the Council had 66 employees and a budget of $63 million in fiscal year 1997. The Department is governed by nine-member Board with an additional six non-voting members representing state agencies that coordinate services with ECI.

The Sunset review of ECI focused on maximizing the resources of the existing service delivery system to improve the quality of services and to provide services to more children and their families. Specifically, the review focused on modifying ECI's current method of purchasing services to ensure the best value and accessing additional funding sources to make services available for more children. The review also looked at ensuring the Council and its contractors fully meet statutory mandates. The following material summarizes the results of the review.

1. Modify ECI's Current Method of Purchasing Early Intervention Services to Ensure the State Receives the Best Value for its Dollars.

ECI's method of procuring services through grants does not create the best incentives to hold contractors accountable for the effective delivery of services and does not provide basic and essential controls over contractor expenditures. Most state agencies that provide services to children with disabilities successfully use other methods of procuring and paying for services, such as competition, that create incentives for contractors to provide services to more clients at lower costs to the State. The fact that ECI does not maintain a central record of the units of services actually delivered to its clients limits analysis of the cost of services and the efficiency of the service delivery system.

Recommendation: Require ECI to select providers and renew their contracts on a best value basis considering past performance, quality of services, cost, ability of the bidder to maximize local and federal income, ability to comply with state and federal program requirements, and the availability of the contractor to deliver required services. Also, require that ECI's purchases of early intervention services promote competition whenever possible.

2. Tap Additional Funding Sources to Allow ECI Services for More Children.

ECI has established a service delivery system that complies with federal requirements necessary to receive IDEA early intervention funding, but has not been fully successful using other available federal, local, and private payers to expand its funding base and extend services to more children Additionally, as the level of IDEA funding has remained constant and the cost of services has increased, ECI needs to maximize funding to identify and extend services to all eligible children. ECI has done a commendable job of crafting an early intervention system that meets federal requirements. Now, ECI should turn its focus to developing an efficient, blended funding system that increases resources available for services.

Recommendation: Require ECI and the Health and Human Services Commission to review the ECI funding system to maximize federal, private, and local funding. Require that families participate in paying for the cost of ECI services, consistent with federal law, through use of private insurance coverage, sliding scale fees, and co-payments.

3. Ensure the Council is Meeting Statutory Objectives Through a Reassessment of its Service Delivery System.

While ECI has done an effective job of making early intervention services available statewide, the agency needs to increase its visibility and expand its role as the leader on issues impacting children with developmental delays. ECI has not effectively ensured that local providers consistently meet statutory objectives such as the need for local providers to focus outreach efforts on areas of their community with higher populations of at-risk children. As a result, children across Texas with developmental delays continue to reach school age without receiving services. In addition, citing funding limitations, the agency has chosen not to address the need for respite care to assist parents with 24-hour a day responsibility for a child with developmental delays. ECI must look beyond its current practices to address all of the agency's statutory duties and provider greater assistance to local providers to better meet the needs of children and their families.

Recommendation: Require the Council to reassess its service delivery system to improve local providers' ability to meet current statutory objectives, including increasing coordination with other agencies serving children with developmental delays, coordination on policy issues impacting children with developmental delays over the age of three, and targeting efforts toward at-risk populations and regions of the state. ECI would be required to report to the 77th Legislature on the achievements of its reassessment effort.

4. Strengthen Accountability for Public Funds Through Improved Performance Monitoring.

ECI has not fully developed outcome measures that can be used to hold its contractors accountable for delivering services that result in a documented benefit to a child. Consequently, the agency's oversight of service providers is limited to compliance with procedures and does not focus on promoting quality in service delivery. Without information that shows if services meet client needs, ECI cannot effectively monitor the performance of its service providers, does not have all of the elements necessary to use a 'best value' method of procuring services, and cannot effectively hold contractors accountable through

performance-based contracts. Given that ECI delivers all of its direct services through contractors, the agency must have a strong system in place to hold contractors accountable for the quality of services that effectively meet the needs of ECI clients.

Recommendation: ECI should add outcome-based performance measures to its contract monitoring system and sanction providers who do not meet the performance objectives.

5. Decide on Continuation of the Interagency Council on Early Childhood Intervention as a Separate Agency After Completion of Sunset Reviews of All Health and Human Service Agencies.

Most of the State's health and human service agencies are currently under Sunset review. While these agencies serve many unique purposes they also have many similarities that should be studied as areas for possible improvement through organizational change. This analysis should occur before decisions are made to continue the HHS agencies as separate entities, including the Interagency Council on Early Childhood Intervention.

Recommendation: Decide on continuation of the Interagency Council on Early Childhood Intervention as a separate agency upon completion of Sunset reviews of all health and service agencies.

Fiscal Impact Summary

The recommendations of this report to ensure best value when purchasing early intervention services and to access additional funding sources should generate significant savings and revenues for the agency and its contractors. Ultimately, ECI and its contractors would retain any additional revenue to fund services for additional children and their families. Additional revenue realized by individual local programs could be used for program expansion in areas of the state where total need is not being met. In other cases, ECI should offset the additional revenue from the total state funding and use the savings to fund areas of the state with unmet need.

Purchasing services on the basis of a competitive or median-based fee schedule, as other state programs do, and limiting reimbursements to Medicaid rates would immediately reduce the amounts paid to inefficient providers. If every ECI contractor was held to the median statewide cost per FTE child of $6,500, then $4.2 million would be available to provide services to an additional 650 children. Additional savings would result from ensuring that contractors are paid only for services actually delivered rather than on a grant basis.

The recommendation to maximize additional funding sources would establish State funding as the payer of last resort for federal maintenance of effort requirements for ECI services. In Texas, Medicaid EPSDT income for ECI services currently totals $1.2 million. If one-quarter of the $60 million funded to providers pays for therapy services, and if ECI required Medicaid to fund those services for the 61 percent of clients who are Medicaid eligible, the State would realize an additional $8 million in EPSDT reimbursements to fund ECI services.

Additional savings would be generated through family financial participation, when appropriate. Some ECI families possess the resources to pay for certain services identified in their family plan. Although fees are not presently collected, collections peaked in 1989 at $550,000. Additionally, ECI program income from private insurance peaked at $690,000 in 1991. Similar improved revenues could be expected.

The State would also realize a positive fiscal impact from targeting intervention services at ECI-eligible children in the PRS system. ECI general revenue funding could be applied to capture additional PRS Title IV funds and ECI could use Title IV funds to extend its programs to children in state-paid foster care. Without an estimate of how many children in the PRS system would be eligible for ECI services, the amount of the additional revenue cannot be estimated at this time.

The remaining recommendations, reassessing the service delivery system to meet statutory requirements, and improved provider performance measurement, could result in a positive fiscal impact to the State but the exact benefit cannot be determined at this time.

The total fiscal impact of the recommendations would be a savings of the state and federal funds of over $16 million in the first two years of implementation and over $14 million in subsequent years.

Fiscal Year	Savings to General Revenue	Savings to Federal Funds	Total Savings
2000	$2,386,000	$4,814,000	$7,200,000
2001	$3,036,000	$6,164,000	$9,200,000
2002	$4,886,000	$9,815,500	$14,701,000
2003	$4,886,000	$9,815,500	$14,701,000
2004	$4,886,000	$9,815,500	$14,701,000

Approach and Results

Approach and Results

Approach

The mission of the Interagency Council on Early Childhood Intervention (ECI) is to develop and provide early childhood programs that increase the likelihood that all Texas children will develop to their highest potential. ECI funds a network of community programs to assure access to early intervention and family support services for all eligible children and their families. These services are designed to improve the overall functioning of children who have developmental delays. Intervention services may lessen the need for the Texas public education system to provide costly special education services once the children enter the public school system.

Challenges exist to fully maximize the statewide delivery of ECI services.

ECI was created in 1981 as an interagency coordination council administratively attached to the Texas Department of Health. Without extensive funding for services, initial success hinged on the effectiveness of interagency collaboration. In 1986, states were offered discretionary funding by the federal government to begin developing a statewide early intervention system. After the initial phase-in period, Texas opted for full implementation under the Individuals with Disabilities Education Act (IDEA) guaranteeing services would be available to all eligible children. ECI became an independent agency in 1993.

Texas was one of the first states to legislate early childhood services and ECI has become a recognized leader in the delivery of early childhood intervention services under the requirements of IDEA. Challenges exist now to fully maximize the statewide system of services that has been created. As more children become eligible for services and as the cost of those services increases, the State must find new ways to deliver and pay for services. Efficient service delivery is particularly important given the flat level of federal funding over that last few years.

With most health and human service agencies under review together, the Sunset Commission has an opportunity to look across agency lines—at types of services provided, types of clients served, and funding sources used. After reviewing all of the individual health and human service agencies, the Sunset staff will compile the information across agencies, assess organizational and other alternatives at that time, and recommend any needed changes to the

Sunset Commission. As a result, staff has delayed making a recommendation on whether to continue ECI in its current form.

The report identifies several areas for improvement. The primary focus of the review was to look for ways for the agency and its contractors to maximize current resources and seek additional resources to extend services to more children and their families. To assist with this effort, Sunset staff contracted with a national authority on early childhood intervention service delivery structures and funds maximization. Specifically, Sunset staff looked for ways for the agency and its contractors to ensure the State receives the best value for services purchased. The review also focused on maximizing the funding available for intervention services and ensuring the agency and its contractors are fully meeting statutory mandates. Efforts were also made to assure contractors are accountable for the outcomes of the services they deliver.

The Sunset review focused on finding ways to extend services to more children.

Review Activities

In conducting the review of ECI, Sunset staff:

- Worked extensively with agency staff at ECI;
- Worked with staff of the Legislative Budget Board and State Auditor's Office;
- Contracted for assistance from Susan D. Mackey Andrews, a national authority on early childhood intervention services structures and funds maximization; and
- Researched agencies in other states with common functions;
- Reviewed legislative committee reports and attended hearings of the House Human Services Committee, Senate Health and Human Services Committee, and Senate Finance and House Appropriations committees;
- Reviewed state statutes, past legislative reports and studies, and reports by the State Auditor's Office, State Comptroller's Texas Performance Review, and the Legislative Budget Board;
- Attended public meetings of the Interagency Council on Early Childhood Intervention;
- Met, upon request, with members of the Interagency Council and with the agency's advisory Committee;
- Attended the annual planning and evaluation meeting of ECI programs;

- Visited local ECI programs in Austin, Dallas, El Paso, and San Antonio to observe service delivery and discuss program issues;
- Visited local health and human service officials, departments, and programs in El Paso, Fort Worth, Houston, San Antonio, and Tyler;
- Met with various interest groups and trade associations, including Advocacy, Inc.; Disability Policy Consortium; Texas Medical Association; Texas Respite Resource Network; and United Cerebral Palsy
- Talked to parents with children who received ECI services;
- Worked with agency staff from the Department of Health, Health and Human Services Commission, Department of Protective and Regulatory Services, Texas Planning Council for Developmental Disabilities, and the Texas Education Agency.

Results

The Sunset review of ECI started with an evaluation of whether the functions the agency performs continue to be needed. Identifying and treating developmental delay as early as possible enhances the chances for successful developmental progress. In addition, delays in services for children with developmental delay can lead to more costly educational and health-related services over time. The demand for early childhood intervention services can be seen in the growth of children served over the last five years. The number of children receiving ECI comprehensive services has grown from around 13,000 in 1993 to more than 21,000 in 1997. Notwithstanding the well-documented need for services provided by ECI, many of its services cross agency organizational lines, and an assessment of organizational alternatives needs to be performed before a decision can be made to continue the agency in its current form. As discussed earlier, the organizational assessment will take place upon completion of Sunset staff reviews of all the health and human services agencies.

ECI has developed a workable system, but opportunities exist to improve the lives of more Texas children.

After determining that ECI services continue to be needed in Texas, the review focused on the agency's operation of an early childhood intervention system in Texas. In general, the review showed that ECI has developed a workable system for funding local contractors who find and identify children with developmental delays and provide educational and therapeutic services. However, the review clearly showed opportunities for ECI and its contractors to improve the effectiveness of the system and have a greater impact on the children of Texas. Gaps exist in finding children in need of services or at risk of developmental delay. Parents cannot presently obtain respite services through the system. Also, opportunities exist to increase revenues and more

efficiently use current resources. As a result, the staff recommendations centered on:

- ensuring the State receives the best value for the services ECI purchases;
- accessing additional funding sources to pay for ECI services;
- ensuring ECI and its contractors fully meet statutory mandates; and
- measuring and monitoring the outcome of ECI services.

ECI should promote more competition in the purchase of intervention services.

Ensuring best value for purchased services — ECI provides grants to 69 community programs to provide comprehensive early childhood intervention services to eligible children. These grants are renewed on a continuation basis unless a provider is terminated for serious performance issues. As a result, ECI's method of procuring services through grants does not create the best incentives to hold contractors accountable for the effective delivery of services and does not provide incentives at the front-end for providers to bid lower costs or provide services for more children. Most state agencies that provide services to children with disabilities, as well as other agencies that purchase client services in general, successfully use other methods of procuring and paying for services that create incentives for contractors to provide services to more clients at lower costs to the State. Sunset staff reviewed ECI's purchasing methods and policies for paying contractors and found opportunities for increased competition for procurement of services. **Issue 1** requires ECI to select providers and renew their contracts on a best value basis, where appropriate, and requires that ECI's purchases of early intervention services promote competition whenever possible.

ECI should fully explore every opportunity to increase funding for services.

Accessing additional funding sources — ECI has done a commendable job of crafting an early intervention system that meets the federal requirements of IDEA. However, as IDEA funding remains inadequate to meet the statewide need for services, ECI must turn its focus to developing an efficient, blended funding system that increases resources available for services. Other states use a variety of strategies to increase funding for services including Medicaid administrative arrangements, Titles IV and V funding, and family cost participation through fees and private insurance reimbursement. The Sunset review focused on how ECI finances the service delivery system it administers and found opportunities to access other available federal, local, and private payers to expand its funding base and extend services to more children. Additionally, as IDEA funding has flattened and the cost of services has increased, ECI has not maximized existing funding to identify and extend services to all eligible children. **Issue 2** requires ECI and the Health and Human Services Commission to review the ECI funding system to maximize federal, private, and local funding and requires that families participate in

paying for the cost of ECI services, consistent with federal law, through use of private insurance coverage, sliding scale fees, and co-payments.

Fully meet statutory mandates — The key to the success of early childhood intervention services is early detection of the developmental delay and referral to services so an assessment can be made and a service plan developed. Program visibility and coordination with other community service entities enhances the chances of early detection and referral. While ECI has done an effective job of making early intervention services available statewide, the agency needs to increase its visibility and expand its role as the leader on issues impacting children with developmental delays. The Sunset review also focused on implementation of the broad statutory objectives for early childhood services and identified that ECI has not fully ensured that local providers consistently meet these statutory objectives. As an example, programs in many areas of the state where the at-risk population would be expected to be greater are actually serving fewer children than the forecasted incidence rate for developmental delays. This finding indicates the need for local providers to focus outreach efforts on areas of their community with higher populations of at-risk children. **Issue 3** requires the ECI to improve local providers' ability to meet current statutory objectives and requires ECI to report to the 77th Legislature on the achievements of these efforts.

ECI needs to increase its visibility and expand its role as the leader on developmental delay issues.

Measuring service outcomes — The Legislature has been clear in directing agencies that purchase client services to hold contractors accountable not only for the actual delivery of services but also for the quality of services delivered. Given that ECI delivers all of its direct services through contractors, the agency must have a strong system in place to hold contractors accountable for effectively meeting the needs of ECI clients. Without information that shows if services meet client needs, ECI cannot effectively monitor the performance of its service providers, does not have all of the elements necessary to use a 'best value' method of procuring services, and cannot effectively hold contractors accountable through performance-based contracts. The Sunset review focused on ECI's methods of assessing the effectiveness of the programs it administers and found the agency has not developed outcome measures that can be used to hold its contractors accountable for delivering services that result in a documented benefit to a child. Consequently, the agency's oversight of service providers is limited to compliance with procedures and does not promote quality in service delivery. **Issue 4** requires ECI to add outcome-based performance measures to its contracts and monitoring system and sanction providers who do not meet the performance objectives.

Recommendations

1. Modify ECI's current method of purchasing early intervention services to ensure the State receives the best value for its dollars.
2. Tap additional funding sources to allow ECI services for more children.
3. Ensure the Council is meeting statutory objectives through a reassessment of its service delivery system.
4. Strengthen accountability for public funds through improved performance monitoring.
5. Decide on continuation of the Interagency Council on Early Childhood Intervention as a separate agency after completion of sunset reviews of all health and human service agencies.

Fiscal Impact

The recommendations of this report to ensure best value when purchasing early intervention services and to access additional funding sources should generate significant savings and revenues for the agency and its contractors. Ultimately, ECI and its contractors would retain any additional revenue to fund services for additional children and their families. Additional revenue realized by individual local programs could be used for program expansion in areas of the state where total need is not being met. In other cases, ECI should offset the locally-generated revenue from the amount of state funding and use the savings to fund areas of the state with unmet need.

Strengthening the controls over the ECI purchasing and payment system should also result in significant savings to the State. Purchasing services on the basis of a competitive or median-based fee schedule, as other state programs do, and limiting reimbursements to Medicaid rates would immediately reduce the amounts paid to inefficient providers. If every ECI contractor was held to the median statewide cost per child of $6,500, then $4.2 million would be available to provide services to an additional 650 children. Of course, contractors able to provide costs lower than the median should not receive higher payments.

The recommendation to maximize additional funding sources would ensure State funding is maximized for ECI services. In Texas, Medicaid EPSDT income for ECI services currently totals $1.2 million. If one-quarter of the $60 million funded to providers pays for therapy services and if ECI required Medicaid to fund those services for the 61 percent of clients who are Medicaid eligible, the State would realize an additional $8 million in EPSDT reimbursements to fund ECI services. The fiscal impact estimate assumes a

reduced level of savings in the first two years to allow for implementation and to give providers time to become familiar with the new requirements.

Family cost participation would also result in a positive fiscal impact. Some ECI families possess the resources to pay for certain services identified in their family plan. Although fees are not presently collected, collections peaked in 1989 at $550,000. Additionally, ECI program income from private insurance peaked at $690,000 in 1991. The report assumes collections would return to at least these levels particularly since caseloads have increased.

The State would also realize a positive fiscal impact from targeting intervention services at ECI-eligible children in the PRS system. ECI general revenue funding could be applied to capture additional PRS Title IV funds and ECI could use Title IV funds to extend its programs to children in state-paid foster care. Without an estimate of how many children in the PRS system would be eligible for ECI services, the amount of the additional revenue cannot be estimated at this time.

The recommendation to ensure statutory requirements are being met can be achieved with existing resources allocated for program planning, coordination, and evaluation. The changes may also result in increased services to more children.

Strengthening accountability through program and provider performance measurement, monitoring, and reporting would result in a positive fiscal impact for the state. However, the exact fiscal benefit cannot be determined for this report.

Issues

Issue 1

Modify ECI's Current Method of Purchasing Early Intervention Services to Ensure the State Receives the Best Value for its Dollars.

Background

The primary function of ECI is to maintain and fund a statewide system of early childhood intervention services. The functions performed by ECI for children and families include:

- client intake and assessment,
- development of the family service plan,
- case coordination, and
- delivery of early intervention services.

ECI contractors must provide specific intervention services to eligible children, and their families, as required by the Individuals with Disabilities Education Act (IDEA). These intervention services, including speech and language therapy, physical therapy, family counseling, occupational therapy, and other services are available to ECI clients statewide. ECI estimates that 3 percent of Texas children age birth to three are eligible for services.

ECI estimates that 3% of Texas children age birth to three are eligible for services.

ECI purchases early intervention services from 70 local organizations such as school districts, educational service centers, MHMR community centers, private nonprofit community organizations, and a health science center. The ECI method of purchasing services is most like a grant-making process. The annual purchasing process starts when contractors submit an application for funding that identifies the number of children the provider will serve at any one time for the year, the overall budget, local resources committed to the program, staff employed by the contractor, and other information regarding the plan to deliver services. Once ECI reviews and approves an application, the amount of the grant is determined and ECI enters into a contract for services. ECI pays contractors monthly to provide services to children based on the program capacity identified in their application. For fiscal year 1997, ECI contractors received an average grant amount of approximately $600,000.

ECI contractors receive funding from several sources in addition to the state grant. Statewide, ECI grants fund approximately 62 percent of the total cost

of the early intervention service delivery network. The per-child costs to provide ECI services vary among contractors, and ranged from $5,157 to $10,350 in fiscal year 1997.

The Sunset review focused on ECI's purchasing methods and policies for paying contractors and compared ECI's practices to those of other states' ECI programs and other Texas agencies. The review also focused on contractor accountability for maintaining compliance with state and federal program requirements.

Findings

▼ **ECI's method of purchasing early intervention services does not ensure that the State receives best value for its dollars.**

ECI does not use competition in selecting or funding service providers.

- ECI provides grants to local organizations to deliver services. Grants are based on past funding patterns; service providers do not compete, either on performance or price, for ECI funding. Grants are only reduced if costs or number of children served decreased in the previous year. The State Auditor's Office has recommended that state agencies use competitive procurement procedures whenever possible.[1] Because ECI does not use competitive bids for services, ECI contractors have no *contractual* incentive to improve the quality of their services or to control costs. Provider performance and costs are monitored during the grant period, but monitoring only holds providers accountable to the grant requirements. ECI monitoring and grant requirements provide no incentives for providers to reduce costs or to serve more children.

- Several state agency statutes set standards for achieving best value in purchasing services for clients. For example, the Health and Safety Code directs Mental Health and Mental Retardation centers to decide the lowest and best bid based on reasonable costs, experience of the bidder, and continuity of service. Statutes governing the Texas Department of Human Services, and the Texas Education Code, contain similar best value purchasing provisions that describe award criteria, bid procedures, and indicators of quality of services.

▼ **Expenditures of some ECI contractors do not appear reasonable and necessary for program operation.**

- As shown in the chart, *Range of ECI Contractor Cost per FTE Client*, costs to provide ECI services vary widely even when programs have comparable local resources, serve the same geographic regions, and operate within similar organizational settings. The average cost for ECI to serve a child for a year was $6,217 in fiscal year 1997, and ranged from a low of $4,470 to a high of $9,624, with costs in some programs frequently exceeding $7,000 per FTE child. For fiscal year 1998, ECI has reduced the highest cost per client to approximately $8,000 and all providers now receive a minimum of $6,000 per slot.

Range of ECI Contractor Cost Per FTE Client Fiscal Year 1997

Type of Contractor	Highest Cost	Average Cost	Lowest Cost
School Districts	$6,537	$5,496	$4,606
MHMR	$8,159	$6,360	$4,929
MHMR State Operated Community Services	$8,730	$7,116	$6,053
MHMR State Centers	$9,156	$7,036	$5,234
Private	$7,713	$5,951	$4,470
Educational Service Centers	$9,624	$5,775	$4,592

- The salaries that contractors pay to their employees can significantly impact the cost of ECI services. In fiscal year 1997, ECI allowed its contractors to pay as much as $105,600 for a physical therapist, $96,000 for a speech/language pathologist, and $73,600 for an occupational therapist, as described in ECI's *FY 1998 Funding Application Review* document. These salaries are well in excess of the amounts paid publicly-funded employees for the same services. Although ECI may not reimburse the full cost of these salaries with state dollars, these examples demonstrate that some ECI contractors are not holding down costs.

- As with salaries, amounts ECI contractors pay for subcontracted services may exceed reasonable amounts. ECI program subcontractors such as audiologists, licensed professional counselors, and occupational and physical therapists are paid as much as $100 for an hour of service. Medicaid reimburses these same providers at an hourly rate of between $50 and $65.

▼ **ECI does not pay contractors based on the units of services actually provided to clients.**

- ECI pays contractors a monthly grant amount without regard to the services delivered or the number of clients actually

enrolled in the program. ECI does not maintain records of the types or units of services that clients actually receive. ECI policy requires contractors to submit a monthly report of services provided to clients,[2] however, ECI staff stated that the agency has discontinued the service report requirement.

No other Texas agency uses a grant process like ECI to purchase therapy services.

- In Texas, no other state agency uses a grant process like ECI to procure the therapy provided to clients. The Department of Human Services and the Texas Rehabilitation Commission use fee-for-service methods to pay, respectively, for community living and rehabilitation services for people with disabilities. The Department of Protective and Regulatory Services buys services for families and children statewide through competitive bids that set a fee for a unit of service.

▼ **ECI pays contractors for providing services that do not meet basic federal and state program requirements.**

- ECI does not have an effective process to ensure that it pays contractors only for the services that meet basic quality standards and program requirements. The Individual Family Service Plan (IFSP) prepared by ECI contractors establishes the foundation for early intervention services. Preparation of an IFSP is a 100 percent federally funded entitlement made available to families of all eligible children. In Texas, the IFSP is similar to a contract between the ECI service provider and a child's family in that the IFSP is the document that identifies and authorizes services for the client.

  ECI monitoring reports show that potentially up to 50 percent of IFSPs statewide do not contain required planning information. ECI has required numerous contractors to implement corrective action plans when IFSPs are incomplete (requiring the contractor to provide additional staff training), but audits continue to reveal frequent noncompliance with IFSP requirements.

  Information missing from IFSPs includes the service delivery method, the start and end date of services, the frequency of the service, and the payment source. However, ECI still pays for all of these services. ECI auditors do not disallow costs when a contractor fails to prepare an accurate and complete IFSP. As a result, contractors have little contractual incentive

to prepare an accurate IFSP and ensure that services were provided in the manner outlined in the agreement with the family. Failure of a contractor to comply with federal IFSP requirements, which provide the basis for determining if contractor costs are reasonable and necessary, could result in federal audit exceptions.

▼ **ECI programs in other states and other state agencies use fee-for-service purchasing methods that enhance accountability and client choice.**

- Other states, including Georgia, Florida and North Carolina, pay for ECI services using fee-for-services purchasing methods. These states set a fee for each type of service an ECI contractor provides, including an amount for preparing an IFSP and for providing an hour of case coordination.

- Advantages of a fee-for-service payment method include:
  - — contractors are paid monthly for the services actually delivered to clients,
  - — documentation of the cost of a service assists in billing third party payers,
  - — specific amounts may be disallowed when contractors do not provide services according to program requirements, and
  - — the purchaser can make a clear comparison of costs and can better procure services competitively.

- Competitive purchasing using fee-for-service methods can create opportunities for change by targeting specific objectives in the ECI system. For example, competitive bid specifications may require that proposals limit administrative costs, consolidate ECI services across larger geographic areas, create intensified child-find efforts among high-risk populations, and promote maximum local and federal financial support for ECI services.

- In Texas, ECI clients must receive services from the ECI contractor who serves their geographic area even though IDEA statutes allow parents of ECI children to serve as their own ECI service coordinators. States that pay for services on a

fee-for-service basis are capable of allowing a family to select any therapist, even those who are not an employee or subcontractor of an ECI contractor. Unlike a grant, a fee for service payment system "follows the child" and clearly identifies the cost and types of services provided to a client. Flexibility to select from a larger pool of service providers promotes a family-centered ECI philosophy that empowers families to hold providers accountable for meeting the family's needs.

ECI's method of procuring services through grants does not create the best incentives to hold contractors accountable for the effective delivery of services.

Conclusion

ECI's method of procuring services through grants does not create the best incentives to hold contractors accountable for the effective delivery of services and does not provide basic and essential controls over contractor expenditures. Most state agencies that provide services to children with disabilities successfully use other methods of procuring and paying for services that create incentives for contractors to provide services to more clients at lower cost to the State. The fact that ECI maintains no comprehensive and central record of the units of services actually delivered to its clients (other than handwritten case notes in individual family files) limits the analysis of the cost of services and the efficiency of the service delivery system.

Recommendation

Change in Statute

- **Require ECI to select providers and renew their contracts on a best value basis. In determining best value, ECI must consider, at a minimum:**
  - **past performance,**
  - **quality of services,**
  - **cost,**
  - **ability of the bidder to maximize local and federal income,**
  - **ability to comply with state and federal program requirements, and**
  - **the availability of the contractor to deliver required services.**

ECI funds its network of service providers through grants based on the historical costs of the contractor to provide services. ECI does not aggressively negotiate lower costs or higher service quality through its grant making process. Significant variations in costs

among contractors show that ECI may fund relatively inefficient contractors and pay more than reasonable amounts for some services.

ECI should immediately strengthen its procurement process to focus on purchasing quality services at a reasonable price. ECI's purchasing process should require providers to make specific, measurable commitments regarding quality of services as well as the efforts that the contractor will make to maximize funding sources. Limiting contractor expenditures for salaries, subcontractors and administrative activities to reasonable and necessary amounts would allow ECI to extend services to additional clients. Contracts should be based on performance and failure to perform should be considered each time that services are procured and contracts renewed.

- **Require that ECI's purchases of early intervention services promote competition whenever possible.**

ECI services are available from a variety of organizations and licensed professionals. Fifty-nine percent of ECI funds are spent for employee salaries. However, most ECI contractors provide some professional services through subcontractors, and avoid the overhead cost of maintaining an employee on payroll. In urban areas, the potential exists to expand the use of subcontractors to perform case coordination and family service planning functions and to provide more therapeutic services. Subcontractors paid on a cost per unit basis could result in significantly lower costs to the State. ECI's purchase of services should encourage and support competitive proposals for flexible and innovative service delivery networks that help to ensure that ECI funding is spent efficiently to reach the greatest number of children.

Management Action

- **ECI should ensure providers are only reimbursed for the costs of providing services that are accurately and appropriately authorized through an Individual Family Service Plan (IFSP).**
- **ECI should not pay contractors for services that do not meet program requirements, including preparation of an incomplete IFSP.**
- **ECI should ensure providers pay Medicaid rates for subcontracted services, where appropriate.**

The most important service that ECI purchases from a contractor is the preparation of an IFSP. An inaccurate or incomplete IFSP may lead to unjustified, excessive costs and may jeopardize the well being of young children who need ECI services. ECI should ensure that it does not pay for services that do not meet basic federal and state requirements.

ECI audits show that IFSPs continue to be incomplete despite corrective actions taken by many ECI contractors. When an ECI audit finds that services do not meet basic requirements, ECI should recoup the amount paid for the service. Recoupment requires that ECI places a dollar value on each service that an ECI contractor delivers. Consequently, implementing this recommendation will require ECI to establish a standard dollar value for each ECI service, including preparation of an IFSP. Even though ECI may choose to not procure services using a cost per unit method, a fee schedule would improve a contractor's ability to bill third party payers for ECI services. Fees should take into account the Medicaid rate typically paid for each service.

Fiscal Impact

Strengthening the controls over the ECI purchasing and payment system should result in significant savings to the State. Purchasing services on the basis of a competitive or median-based fee schedule, as other state programs do, and limiting reimbursements to Medicaid rates would immediately reduce the amounts paid to inefficient providers. If every ECI contractor was held to the median statewide cost per FTE child of $6,500, then $4.2 million would be available to provide services to an additional 650 children. Of course, contractors able to provide costs lower than the median would not receive higher payments. Additional savings would result from ensuring that contractors are paid only for services actually delivered rather than on a grant basis.

Fiscal Year	Savings to General Revenue	Savings to Federal Funds
2000	$1,386,000	$2,814,000
2001	$1,386,000	$2,814,000
2002	$1,386,000	$2,814,000
2003	$1,386,000	$2,814,000
2004	$1,386,000	$2,814,000

1 State Auditors Office, An Audit Report on Contract Administration at Selected State Agencies — Phase Four, pg. 8.

2 ECI Policy and Procedures Manual, Policy I.17, Revised September 1995.

Issue 2

Tap Additional Funding Sources to Allow ECI Services for More Children.

Background

Texas funds early intervention services primarily through the federal Individuals with Disabilities Education Act (IDEA) grant. To receive federal IDEA funding, states must enter into a maintenance of effort (MOE) agreement that ensure federal funds do not supplant local and state funding efforts. Early intervention programs provide a variety of services to children with developmental delays, some of whom are jointly eligible for other federal and state programs. As a result, the State has typically met the MOE requirement with state funds, other federal funds, and local funds. Nationwide, individual state ECI programs can be funded by more than 45 separate sources including Medicaid, Maternal and Child Health (Title V), Foster Care (Title IV-E), Social Services Block Grant (Title XX), Children's Health Insurance Program (CHIP), Healthy Families, co-payments, fees, and private insurance.

The federal Individuals with Disabilities Act grant is the primary funding source for ECI services.

IDEA-funded early intervention service delivery systems must have three main components: administration, service coordination, and direct services as discussed in the chart, *ECI Service Delivery System Components*. The federal government funds each state to maintain the administrative and service coordination components of the system at no cost to clients. Nevertheless, states often supplement IDEA funding with other funds when the costs of administration and service coordination exceed the amount available from IDEA. Likewise, federal funds often do not cover the entire cost of direct intervention services, so states again use state funds, federal funds from other sources, and local funds to meet the shortfall. Since states are not required to fund direct services free to families, a total of 28 states require family participation as fees, co-pays, or private insurance reimbursements.

ECI Service Delivery System Components

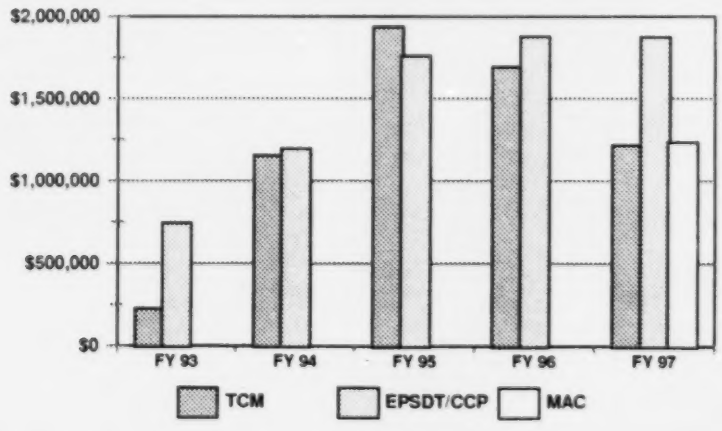
Program Component	Activities
Administration	Central Directory of Services Public Awareness Child Find Provider Monitoring
Service Coordination	Eligibility Determination Evaluation and Assessment Family Service Plan Development and Monitoring
Direct Services (examples)	Audiology Occupational Therapy Physical Therapy Speech/Language Therapy

When considering other federal sources of funding early intervention services, federal regulations direct states to maximize Medicaid to pay for eligible administration and services before using IDEA funds. In Texas, approximately 61 percent of ECI clients are eligible for Medicaid and ECI contractors serve approximately 12,000 Medicaid-eligible children each year.[1] ECI receives Medicaid funding primarily through three federal programs, detailed in the chart, *Medicaid Programs Funding ECI Services.*

Medicaid Programs Funding ECI Services	
Program	**Description**
Early Periodic Screening, Diagnosis, and Treatment/ Comprehensive Care Program (EPSDT/CCP)	The Texas Department of Health administers EPSDT, also known as Texas Health Steps. EPSDT covers medically necessary services allowable under Medicaid for children until age 21 such as screening and check-ups, laboratory services, and vision and hearing services. Expanded benefits under CCP include therapy services. ECI requires that ndividual ECI programs bill Medicaid for therapy services provided to eligible children.
Medicaid Administrative Claiming (MAC)	MAC maximizes Medicaid reimbursement for activities such as outreach, referral, case coordination, follow-up, and other activities related to the administration of a Medicaid program. The child and family are eligible for MAC claiming. All ECI programs must participate in MAC training and must have coordinators to manage Medicaid claiming at the local level.
Targeted Case Management (TCM)	TCM helps eligible children access medical, social, educational, and developmental services. ECI providers can use TCM billing to pay for most of the intake services necessary to get a child into an ECI program. Case managers who perform TCM activities must complete ECI case management curriculum.

The chart, *ECI Medicaid Collections*, shows all ECI program Medicaid collections in each of the three billable categories.

ECI Medicaid Collections



The Sunset review focused on how ECI finances the service delivery system it administers. Specifically, the review focused on whether ECI is maximizing all funding sources available to offset the State's cost of services to ensure that state dollars are extended to as many children as possible.

Findings

▼ ECI has not fully maximized other available funding sources.

- Despite state and federal mandates to maximize funding sources, one source of federal funds, IDEA, primarily funds the ECI system. State law requires ECI to maximize federal funds in the most advantageous proportions possible. ECI's application for federal funding also acknowledges the agency's responsibility to coordinate early intervention services provided through multiple funding sources. Nevertheless, IDEA funding comprises 94 percent of the agency's federal funding. Medicaid funding only represents 8 percent of the total funds spent on early intervention services by local contractors, who instead rely heavily on IDEA dollars from ECI as well as other funding sources.

IDEA funding comprises 94 percent of the agency's federal funds.

- A high percentage of the children who receive services from the Department of Protective and Regulatory Services (PRS) are at risk of developmental delay and potentially eligible for ECI services. Currently, four percent of ECI children are involved with PRS. PRS services are funded through federal Title IV-B and IV-E dollars made available to prevent child abuse and neglect and to provide services to children in foster care.

  By not targeting intervention services at ECI-eligible children in the PRS system, ECI general revenue funding cannot be applied to capture additional PRS federal funds. Use of Title IV funds to pay for administrative activities, staff training, client evaluation, and family-oriented training and services would potentially allow ECI to extend its services to a large population of children in state-paid foster care at little additional cost. This arrangement would complement PRS's services as well because PRS clients must receive therapy through Medicaid, the payor of first resort for ECI services.

As important, by making professional intervention services, clinical planning, therapy, and family support available to children with disabilities in the foster care system, the State can expect a quicker permanent placement for the child, increased success of the foster and adoptive families, and a reduction in the costs of foster care.

Although 20% of clients have private insurance, ECI providers only received $290,745 from insurance payments last year.

- Although federal law allows programs to charge fees on a sliding scale for most *direct* services prescribed in the family service plan, in Texas, families who are financially able to pay for ECI services receive services at no cost. State law, because of changes made during the 75th Legislature, does not explicitly give ECI the authority to collect fees for early intervention services.

- ECI providers do not aggressively bill private insurance providers for eligible intervention services. Although 20 percent of ECI clients have private insurance, income from private insurance has decreased from $690,000 in fiscal year 1991 to $290,745 in fiscal year 1997.[2]

- Limited use of alternative funding sources coupled with flat IDEA funding and caseload growth has contributed to increasing commitments in state funding to support existing services. ECI was appropriated an additional $6 million in General Revenue on a contingency basis for the 1998-99 biennium to meet service demands.

▼ ECI contractors have had limited success seeking Medicaid reimbursement for services provided.

ECI Program Average Medicaid Collections Per Eligible Child - FY 1997		
Billing Type	**Public Programs**	**Private Programs**
EPSDT/CCP	$209.41	$648.77
TCM	$183.43	$252.86
MAC	$329.42	$76.15

Source: Average Medicaid Collection Per Child. ECI, March 1998.

- ECI contractors access Medicaid funding at different rates. In general, private, nonprofit providers are most successful in claiming Medicaid reimbursements, while school districts and educational service centers have the least success. The following chart, *ECI Program Average Medicaid Collections Per Eligible Child*, shows the variations in Medicaid collections.

- ECI has not ensured that local programs are successful in claiming Medicaid funds. In fiscal year 1996, several contractors received no EPSDT Medicaid payments for therapy services, while others received almost $1,000 per child.

Fiscal year 1996 data shows four programs did not bill Medicaid for any services provided to clients, although some of these services are completely reimbursable by Medicaid, and Medicaid is the "payer of first resort" in relation to ECI's primary federal funding source.[3] The following chart, *ECI Medicaid Billing Variations*, shows the wide variations in average billings per child by service provider.

ECI Medicaid Billing Variations
Average Collections Per Child - FY 1996

Program Type	EPSDT/CCP Billings	TCM Billings
Education Service Centers	$0.00 to $210	$25 to $117
School Districts	$14 to $244	$39 to $98
Private	$1 to $961	$39 to $259
MHMR	$0.00 to $279	$20 to $378
MHMR State Centers	$0.00 to $308	$61 to $272

Source: Average Medicaid Collection Per Child. ECI, March 1998.

- ECI fiscal monitoring reports show consistent problems with the Medicaid billing practices of programs.[4] ECI cited almost two-thirds of the programs monitored from 1995 to 1998 for billing issues involving Medicaid reimbursement, including:
  - lack of internal billing controls for accurate accountings of program income by Medicaid categories for purposes of determining local maintenance of effort and ECI funding of programs;
  - absence of documentation in case files to support Medicaid claims and Medicaid claiming done at less than the maximum reimbursement rate;
  - lack of timely claims filing; and
  - lack of program staff knowledge about Medicaid services that providers can bill for reimbursement.

- ECI programs have failed to submit Medicaid Administrative Claiming or have not done so on a timely basis. Out of 80 programs, 30 have not collected MAC claims for fiscal year 1997.[5]

- The ECI funding system provides little incentive for contractors to bill Medicaid because ECI grants state funds to programs for the fiscal year, projected at the front end of the grant, despite actual Medicaid reimbursements.[6] Although

local programs have the opportunity to expand services through Medicaid funding, many do not since providers have little incentive to recover amounts in excess of their original goal.

- The current ECI service delivery system of contracting with individual providers, each for the full range of services, makes it more difficult for ECI to maximize Medicaid reimbursement.

▼ **Other states have re-engineered their ECI systems and strengthened their programs, while significantly increasing federal and local income.**

- States, like Texas, that provide services through a diverse provider base have negotiated a variety of relationships with the federal Health Care Finance Administration to enhance Medicaid support by:
  - expanding the types of personnel who may be reimbursed by Medicaid for providing services to include degreed but unlicensed staff, public school teachers, and para-professionals who work under the supervision of licensed personnel;
  - expanding the types of services that may be reimbursed, including special instruction services, developmental therapy, and service coordination; and
  - aggregating administrative services among fewer providers to capture reimbursement for more administrative and assessment activities.

At least 18 states charge sliding scale fees or co-payments for direct services.

- Nationally, Medicaid income received by ECI programs varies widely and can be as much as 80 percent. At least 14 states have administrative agreements with Medicaid to reimburse for service delivery activities at the state level and 15 have agreements for activities at the local level.[7]

- Other states use Title IV funds to expand Child Find and extend services to additional children. At least five states are initiating Title IV partnerships with other agencies focusing the funds on service coordination and staff training. Title IV funds match training costs at a 75 percent rate and service coordination at 50 percent.

- Several states are moving to family participation as a way to offset the cost of services and provide access to other funding sources that require a co-pay. Other states have also found that fees have resulted in increased parent involvement and ownership in the service planning process. At least 18 states charge families a fee for direct services either on a sliding scale based on ability to pay or as a part of a co-pay arrangement.

- At least seven states mandate the use of private insurance to pay for ECI services, and 22 states use private insurance to pay for some services. Most states link fees and access to third party resources as a way to give families the option of using their health coverage or paying a fee for services.

ECI should turn its focus to a blended funding system that increases resources for services.

Conclusion

ECI has established a service delivery system that complies with federal requirements necessary to receive IDEA early intervention funding, but has not been fully successful using other available federal, local, and private payers to expand its funding base and extend services to more children. Additionally, as IDEA funding has flattened and the cost of services has increased, ECI has not maximized funding to identify and extend services to all eligible children. ECI has done a commendable job of crafting an early intervention system that meets federal requirements. Now, ECI should turn its focus to developing an efficient, blended funding system that increases resources available for services.

Recommendation

Change in Statute

- **Require ECI and the Health and Human Services Commission (HHSC) to review the ECI funding system to maximize federal, private, and local funding.**

By re-engineering the current service delivery system to allow for maximization of funding sources other than IDEA and increasing Medicaid reimbursements, ECI can access more funding to provide more services to children. Increased funding could also be used to increase services to at-risk children and improve Child Find efforts.

The recommended re-engineering process should identify and address existing barriers within the ECI system to maximizing federal, local and private income including organization

structure, procurement policies, contract and payment methods, and the absence of fee schedules. As ECI identifies barriers, the agency must look for opportunities to appropriately circumvent potential barriers and not assume all barriers block access to increased funds and better services. ECI contractors should be subject to performance-based incentives and sanctions that help to ensure that contractors identify and bill all of the payers that may appropriately fund ECI services.

The Health and Human Services Commission should be charged with assisting ECI in the development and implementation of the re-engineering initiative that maximizes federal financial participation for services. As part of this effort HHSC should identify barriers external to ECI that the Commission or the Legislature can address to increase funding and service opportunities for the ECI population. HHSC should also be charged with coordinating funding strategies between ECI and other state agencies to ensure that state appropriations are used to achieve the most favorable match of federal dollars.

Re-engineering initiatives to maximize the use of funding sources often take place over a multi-year period and may require the State to renegotiate Medicaid agreements, develop detailed fee schedules, provide intense training to service providers, re-bid contracts for services and change invoicing and record-keeping procedures.

- **Require that families participate in paying for the cost of ECI services, consistent with federal law, through:**
  - **use of private insurance coverage,**
  - **sliding scale fees, and**
  - **co-payments.**

Implementation and consistent enforcement of the requirement that families, who can afford to, pay for certain ECI services is consistent with federal Medicaid law and in line with state and federal views of personal responsibility. This recommendation would extend ECI resources to a larger number of families who otherwise would not be served. Requiring families to participate in paying for certain services would require ECI to develop a standardized way of assessing family resources such as income and available insurance. Fees should be based on ability to pay or as a part of a co-pay arrangement to meet federal requirements that services not be denied based on family participation. ECI should also ensure that fees are not charged for those services that federal or state law mandates must be provided without charge. ECI could link fees and access to third party resources as a way to give families the option of using their health coverage or paying a fee for services.

Fiscal Impact

This recommendation would establish State funding as the payer of last resort for federal maintenance of effort requirements for ECI services. In Texas, Medicaid EPSDT income for ECI services currently totals $1.2 million. If one-quarter of the $60 million funded to providers pays for therapy services and if ECI required Medicaid to fund those services for the 61 percent of clients who are Medicaid eligible, the State would realize an additional $8 million in EPSDT reimbursements to fund ECI services. Any increase in Medicaid reimbursements would require the associated state match.

Some ECI families possess the resources to pay for certain services identified in their family plan. Although fees are not presently collected, collections peaked in 1989 at $550,000. Additionally, ECI program income from private insurance peaked at $690,000 in 1991. The fiscal impact estimate assumes collections would return to at least these levels due to increasing caseloads, even though some services are currently exempted from fees.

The State would also realize a positive fiscal impact from targeting intervention services at ECI-eligible children in the PRS system. ECI general revenue funding could be applied to capture additional PRS Title IV funds and ECI could use Title IV funds to extend its programs to children in state-paid foster care. Without an estimate of how many children in the PRS system would be eligible for ECI services, the amount of the additional revenue cannot be estimated at this time.

ECI and its contractors would retain any additional revenue to fund services for additional children. Additional revenue realized by individual local programs could be used for program expansion in areas of the state where total need is not being met. In other cases, ECI should offset the additional revenue from the total state funding and use the savings to fund areas of the state with unmet need. The fiscal impact estimate assumes a reduced level of savings in the first two years to allow for implementation and to give providers time to become familiar with the new requirements.

Fiscal Year	Savings to Revenue	Savings to Federal Funds
2000	$1,000,000	$2,000,000
2001	$1,650,000	$3,350,000
2002	$3,500,000	$7,000,000
2003	$3,500,000	$7,000,000
2004	$3,500,000	$7,000,000

[1] Interagency Council on Early Childhood Intervention, Fiscal Year 1998 Funding Application Review.

[2] ECI, *Early Childhood Intervention Programs, Maintenance of Effort Funds, FY 91-98.*

[3] ECI, *Five Year Medicaid Collection Summary, September 1992 to August 1997.*

[4] ECI, *Program Monitoring Reports*, Submitted to Sunset, March 1998.

[5] ECI, *Five Year Medicaid Collection Summary, September 1992 to August 1997*

[6] ECI Triennial IDEA, Part H Application for FY 1996-1999

[7] *Texas Sunset Commission ECI Discussion Summary Report*, Susan D. Mackey Andrews, April 14, 1998, Page 21.

Issue 3

Ensure the Council is Meeting Statutory Objectives Through a Reassessment of its Service Delivery System.

Background

States operating an ECI program have a great deal of autonomy when deciding how to structure their service delivery system. As a result, states have developed essentially fifty different organizational models of how to provide early intervention services to children from birth to three years of age. For example, some states' early intervention services are contracted out with little state control, while other programs are more centrally administered. In addition, some states rely on single funding sources while others maximize a variety of funding sources, including the collection of fees from participating families. Given the broad flexibility that states enjoy, a focused state plan that clearly outlines how the Texas ECI program will meet the needs of children with developmental delay is essential. The textbox, *Early Identification Strategy*, outlines one of the main current planning efforts required by state law.

Early Identification Strategy

The Council shall develop and implement a statewide strategy for:

- the early identification of children under three years of age with developmental delay; and
- the coordination of programs with other agencies serving children with developmental delay.

The strategy must include plans to:

- incorporate, strengthen, and expand similar existing local efforts;
- incorporate and coordinate screening services currently provided through a public agency; and
- establish a liaison with primary referral sources, including hospitals, physicians, public health facilities, and day-care facilities, to encourage referrals of children with developmental delay.

ECI delivers services through a network of providers that contract with the state agency to provide the full array of services required by federal statute. Responsibilities identified in federal and state statute, such as child find, public awareness, and local interagency coordination are delegated to the providers with broad flexibility on how these objectives will be achieved. ECI state office requires providers to have a plan outlining the steps the program will take to accomplish these tasks.

The Sunset review focused on the statutory objectives for early intervention in Texas. In particular, the review examined whether the agency's policies and service delivery system fully meet state statutory objectives.

Findings

▼ **Current agency and local provider planning efforts have not maximized opportunities to achieve the objectives established by the Legislature.**

◗ The State has set objectives for ECI that include: addressing contemporary issues affecting intervention services in the state, identifying all children with developmental delays or children at risk of developmental delay, ensuring that these children receive services, and developing an early intervention strategy (see the *Early Identification Strategy* textbox). State statute also lays out specific objectives for the ECI Board that are presented in the *Duties of the ECI Board* textbox. To meet these objectives, ECI is directed in state and federal law to develop strategies for child find, public awareness and coordination of programs with other agencies serving children with developmental delay. Federal statutes also require that the program be available statewide to all children who qualify for services.

Duties of the ECI Board

To address contemporary issues affecting intervention services in the state including:

- successful intervention strategies
- personnel preparation and continuing education
- screening services
- day or respite care services
- public awareness
- contemporary research

ECI relies on providers to develop local strategies to meet many of the agency's statutory objectives.

ECI's current service delivery structure relies on providers to develop local strategies to meet many of the statutory objectives outlined above. ECI has not provided adequate direction to local programs to ensure that program activities successfully fulfill all of the state and federal requirements for early intervention.

◗ While all local providers develop plans to fulfill ECI provider requirements, the quality of local planning efforts varies greatly and does not ensure that providers will effectively meet the state and federal objectives for coordination of services, Child Find, and public awareness. Since fulfilling federal and state objectives for early intervention is dependent on the activities of each local ECI provider, planning at the local level is essential.

ECI requires providers to have detailed plans for meeting Child Find, public awareness, and interagency coordination requirements. However, the level of planning by ECI providers varies widely across the state. A sample of provider plans for public awareness, child find, and interagency coordination indicates that some programs maintain a detailed plan of how they will achieve the state's objectives, while others present only an outline of how the program coordinates with other ECI providers in the area to achieve the State's objectives. ECI monitoring of local program planning efforts is focused on compliance. Reviews of local programs do not evaluate whether the needs of communities are met or compare programs to determine quality or effectiveness.

▼ **ECI has not taken advantage of opportunities to further expand its role as a coordinator of services for children with developmental delays.**

- State statute directs the agency to develop a statewide strategy to coordinate with other agencies serving children with developmental delay. A review of early intervention programs indicates that the strength and survival of early intervention often depends upon the alliances that are built with other programs and services rather than the program's funding base. ECI has taken a lead role on issues that are covered by federal funding. However, ECI's role as a leader on issues relating to children with developmental delays should not stop once the child reaches three years of age. While ECI is not responsible for providing services to children over three, many children age out of ECI services and into services provided by other state agencies. ECI has developed an extensive knowledge base on how to best serve children with developmental delays and their families that could prove valuable in assisting other agencies to successfully meet the needs of this population.

ECI's role as a leader on issues relating to children with developmental delays should not stop once the child reaches three years of age.

- As mentioned earlier, local ECI providers share the responsibility for meeting the state and federal objectives for early childhood intervention services. Therefore, not only must ECI take the lead role on issues impacting children with developmental disabilities, but local providers must also take the lead role within their communities to address these issues.

Federal law requires state ECI programs that do not provide services for at-risk children to strengthen the statewide system by leading collaborative efforts to identify and refer at-risk children. While coordination efforts do exist at the state level, local providers have not adequately pursued community collaboration efforts with other agencies. Some ECI providers, on their own, have chosen to emphasize creating links with other local organizations and improve efforts to collaborate with other community organizations. However, Sunset staff field work found that programs do not consistently have close working relationships with organizations who serve at-risk populations, such as the Department of Human Services, its Child Care Management Services daycare system, and the Department of Protective and Regulatory Services.

Services are not targeted to reach at-risk populations.

▼ **Child Find activities have not effectively reached eligible children within at-risk populations.**

Finding and identifying children who need early intervention services is critical to maintain a successful early intervention program. Program growth has occurred among most ECI providers, indicating that more people are aware of ECI services. However, services are not targeted to reach at-risk populations or regions of the state with large at-risk populations, hindering ECI's ability to met the federal goal to "enhance the capacity of State and local agencies and service providers to identify, evaluate, and meet the needs of historically under represented populations, particularly minority, low-income, inner-city, and rural populations." [1]

The agency's first goal, as stated in its strategic plan is to "ensure that all children in Texas who are below the age of three and have developmental needs, or are at risk of developmental delay receive comprehensive services..." ECI Child Find efforts have been largely focused on the agency's relationship with the medical community, as demonstrated by the focus of the Milestones program. Local providers have also made efforts to reach out to other referral sources, however, additional efforts are needed to reach referral sources that serve large numbers of at-risk children. Providers have not maximized Child Find efforts by evaluating and prioritizing special groups of children and areas of the state known have large populations of at-risk children. The result is that local

programs have widely varying levels of effort to initiate Child Find activities with other local agencies that serve children.

- The result of current local Child Find practices is evidenced by the fact that each year children show up in preschool or special education classes who were eligible for ECI services but were never identified.[2] For example, the standard Health and Human Services Houston region reports high incidents of poverty and child abuse and neglect, but local ECI providers are only identifying 2.04 percent of the estimated 6,820 children who may be eligible for ECI services. Similar situations exist in El Paso and the Valley. While most ECI programs have experienced growth in the number of children receiving services, the number of children eligible for ECI services may be even higher than the 3 percent estimate used by ECI, resulting in even greater numbers of children eligible but not receiving services. Several ECI program directors indicated they believed the number of children eligible for ECI services exceeds the statewide estimate of the number of eligible children statewide due to risk factors such as poverty that existed within the program's catchment area.[3]

  In 1988, ECI created the Milestones program as a pilot project to address the issue of identifying at-risk children. The program focused on identifying children at-risk of developmental delay due to premature birth and a birth weight below 1500 grams. However, the program did not address children at-risk due to other environmental or biological factors. After conducting a performance based review of the program, ECI determined that Milestones was not an effective referral source. The program cost $1.4 million a year to operate and only accounted for an average of four percent of referrals to ECI providers. ECI has allocated the former Milestones money to its local comprehensive programs.

ECI is unable to comprehensively measure the effects of local Child Find efforts.

- ECI is unable to comprehensively measure the effects of local Child Find efforts. Local programs are not required to focus additional outreach efforts on target populations and the state office does not monitor providers success in reaching eligible children in at-risk populations. While many of the programs have reported an average increase in the number of children served of eight to ten percent, no measurement exists of whether or not the increased number includes children from

high risk populations. In addition, a federal review of ECI by the Office of Special Education Programs noted that Child Find needed improvement, particularly in outreach to child care providers, the medical community, and ethnically diverse populations.

▼ **Local provider public awareness efforts have not resulted in full integration of ECI services into health and human services delivery at the community level.**

- A thorough public awareness effort is necessary if ECI is to ensure that all eligible children receive comprehensive services. ECI has not ensured that communities are aware of its programs and the opportunities the programs provide. Sunset staff encountered individuals from a variety of organizations, including other state agencies and organizations that serve at-risk children, who were unfamiliar with the ECI program in their community. One ECI provider described her program as "the best kept secret" in the community.

One ECI provider described her program as "the best kept secret" in the community.

ECI does not monitor to ensure that each local program conducts *effective* public awareness efforts. Current monitoring is focused on compliance and does not include a comparative analysis of public awareness efforts across programs and/or communities to measure how successful the program has been in raising awareness of ECI services. Examples of the lack of awareness of ECI were easily found within local health and human service provider communities. In one case, a visit to a family violence shelter revealed that family violence staff, including an experienced public nurse, serving the shelter residents were not aware of the existence of ECI services.[4] This situation was particularly surprising given that the majority of children residing in the shelter were under the age of five and, as victims of family violence, may be at a higher risk of developmental delays.

▼ **ECI needs to better address respite care needs.**

- Although respite needs can be addressed in the Individual Family Service Plan (IFSP), no comprehensive solution to the lack of respite care has been developed. While a lack of resources has prevented ECI from funding respite care, a lack of access to respite care can compromise the success of the

service delivery plan. State statute directs ECI to address contemporary issues affecting intervention services in the state, including the provision of respite care to children with developmental delays.

The federal review by the Office of Special Education Programs noted that local programs needed greater assistance from ECI to address the need for respite care. Respite care is a problem for all agencies that serve developmentally disabled or medically complex children and is often cited by parents as their greatest unmet need. ECI, as the designated lead agency for early intervention services is in the ideal position to undertake an initiative to plan with other agencies on ways to provide this support to families.

ECI is in the ideal position to plan with other agencies on ways to increase respite care.

▼ **Other human service agencies have reassessed their service delivery system to better meet legislative objectives and clients' needs.**

- Both the Texas Department of Mental Health and Mental Retardation (MHMR) and the Texas Commission on Alcohol and Drug Abuse (TCADA) were directed by the 75th Legislature to review their service delivery systems to determine how services should be organized, managed, and delivered to ensure quality and availability of care, provide best value for the State, and effectively meet client needs.

  The Department of Mental Health and Mental Retardation is currently using pilot projects to reassess the role of the community centers in delivering services to determine the most efficient number of local MHMR authorities and the method used to select service providers that ensures quality services. All of the community centers involved in the early pilot projects have experienced a positive impact on their ability to provide services.[5]

  As a result of its Sunset review, the Texas Commission on Alcohol and Drug Abuse reassessed its service delivery system and developed an integrated service delivery plan to provide clear direction on how the agency will achieve its goals of substance abuse and treatment. The plan clearly documents the need for agency services in each region of the state and details a provider funding plan to meet that need.

The agency needs to increase the visibility of its programs and expand its leadership role.

Conclusion

While ECI has done an effective job of making early intervention services available statewide, the agency needs to increase its visibility and expand its role as the leader on issues impacting children with developmental delays. ECI has not ensured that local providers consistently meet statutory objectives such as the need for local providers to focus outreach efforts on areas of their community with higher populations of at-risk children. As a result, children across Texas with developmental delays continue to reach school age without receiving services. In addition, the agency has chosen not to address the need for respite care to assist parents with the 24-hour a day responsibility for a child with developmental delays. ECI must look beyond its current practices to address all of the agency's statutory duties and provider greater assistance to local providers to better meet the needs of children and their families.

Recommendation

Change in Statute

- **Require the Council to reassess its service delivery system to improve local providers' ability to meet current statutory objectives, including but not limited to:**
  - **increasing coordination with other agencies serving children with developmental delays, including coordination on policy issues impacting children with developmental delays over the age of three;**
  - **improving Child Find among at-risk populations, including targeting efforts toward at-risk populations and regions of the state and monitoring providers on the success of targeted Child Find efforts; and**
  - **assuming an active lead role in addressing issues such as the provision of respite care for children with developmental delays, including the development of incentives for providers to fund respite.**
- **Require ECI to report to the 77th Legislature on the achievements of its reassessment effort.**

While ECI's statute already directs the agency to meet the objectives discussed in this issue, the activities required in this recommendation make achievement of these objectives a priority within the agency. ECI would be instructed to reassess its operating and service delivery policies to ensure that the State's approach to ECI services better and more fully matches the needs of Texas children. This reassessment may lead to additional changes in the service

delivery system to enable providers to meet these higher standards. A reassessment of how the agency attempts to meet state objectives will enable ECI to use all available tools to successfully fulfill its statutory mandate.

The intent of this recommendation is for the agency to actively assess its policies and make changes to meet statutory objectives, not to just report back to the Legislature with a plan for re-engineering. ECI should begin the initiative after completing a planning process that includes:

- the active involvement of its Board and advisory committee;
- input from families and other interested members of the public; and
- a time line for implementation of changes resulting from reassessment of service delivery policies.

The agency would be required by this recommendation to report to the Legislature by December 1, 2000, on the initial planning effort, the actions taken to reassess the agency's operating policies, the impact of those changes, and any future legislation needed to allow ECI to enhance services.

Fiscal Impact

The requirements in this recommendation can be met with existing resources. The agency is currently funded to do planning, coordination, and evaluation. The changes may also result in increased services to more children although precise numbers are unable to be estimated for this report.

[1] Appendix: Part C of the IDEA Amendments of 1997.

[2] Interview with TEA staff, February 6, 1998.

[3] Staff interviews with local program directors.

[4] Staff interviews with service providers in Fort Worth area, February 1998.

[5] MHMR House Bill 1, 75th Legislature Rider 34 Report, February 1998, pg.7.

Issue 4

Strengthen Accountability for Public Funds Through Improved Performance Monitoring.

Background

ECI delivers intervention services through a statewide network of contractors who provide the full-array of intervention services to eligible children in their geographic area. In fiscal year 1997, ECI had a total of 71 contracts for comprehensive services, totaling $46.8 million, and 12 contracts for its Milestone (child find) program, worth $1.4 million.

Responsibility for ensuring provider accountability rests jointly with the Division of Provider Funding (fiscal arm) and the Division of Provider Relations (performance arm). ECI-funded programs receive an on-site monitoring visit annually for the first two years and at least once every three years subsequently. Based on the results of the monitoring visit, a program may receive additional monitoring visits. A monitoring team typically examines the entire scope of the program, including review of child records, compliance with relevant federal and state rules and regulations, fiscal accounting and audit reports, health standards, and personnel standards.

ECI Mission and Focus

To provide early childhood programs that increase the likelihood that all Texas children will develop to their highest potential.

Source: *ECI Strategic Plan*

ECI conducted financial compliance reviews of about half (41) of its providers in fiscal year 1997. In addition, ECI also reviewed 47 contractors for program compliance. Most ECI program findings lead to preparation of a corrective action plan that offers technical assistance and outlines specific steps that must be taken to resolve the problems. Staff training is the most common corrective action required of a provider.

The Sunset review focused on ECI's methods of assessing the effectiveness of the programs it administers. In particular, the review sought to determine if agency administrative processes and monitoring activities document the effectiveness of ECI services and ensure that action is taken when contractors do not adequately perform.

Findings

▼ **ECI's contract monitoring activities do not focus on determining if the services provided by the contractor meet client needs.**

- ECI contractors face the difficult task of evaluating the functioning of very young children and developing an individualized plan of services (IFSP) that meets the child's needs. ECI policies require that each IFSP must contain client outcomes, but ECI's monitoring does not ensure that contractors actually provide units of service described in inidividualized plans or that outcomes have been achieved. Consequently, ECI cannot document that a contractor's services actually benefit a child.

ECI's monitoring of contractors does not ensure that outcomes in individualized plans are actually achieved.

- ECI does not sanction providers on a client-by-client basis for poor service delivery. Although ECI holds contractors accountable for compliance with financial reporting requirements and standards, ECI does not hold all contractors financially accountable for providing poor or inadequate services to their clients. Client case files reviewed by ECI contractor program and performance monitoring staff cited deficiencies such as the comprehensive assessment and evaluation of the child/family was not performed by a qualified interdisciplinary team; the screening instruments used did not show whether the child passed or failed the screening; and the outcomes, strategies, and criteria were incomplete in the IFSP. However, most of the disciplinary actions taken by ECI for these findings were to simply mandate further training with ECI procedures.[1]

- Contract monitoring requires the development of measurable outcomes that appropriately and objectively gauge the success of program services. ECI had established a workgroup, beginning in fiscal year 1998, to develop relevant service outcomes for its intervention programs, but the effort has not been completed due to a staff resignation. Case file review by Sunset staff during field visits showed ECI providers do not formally evaluate changes in the child and family members' behavior as it relates to the original individual family service plan.

- Instead of monitoring for indicators of success, ECI has only conducted general client satisfaction surveys of families that receive agency services. The surveys reveal a high satisfaction rate among the relatively small number of ECI clients who respond to the survey, but should not be relied upon as the sole indicator of service quality or effectiveness of the services provided.

▼ **ECI's monitoring and reporting systems focus on compliance with administrative procedures but do not ensure that contractors meet broader statutory mandates.**

- ECI has delegated most of its statutory child find, public awareness, and inter-agency coordination responsibilities to its service providers. However, ECI does not measure the success of providers in performing these responsibilities. Interviews with providers and a review of provider plans showed ECI providers' approach to these services varies widely across the state.

ECI does not measure the success of providers in performing child find and public awareness activities.

- As an example, Child Find efforts and performance vary across the state. Many not-for-profit providers are accustomed to targeting their services to at-risk populations and subsequently have aggressive child find activities that may include targeted mailings and face-to-face meetings with physicians. Other providers leave child find initiatives to individual staff.

- ECI's monitoring efforts do not ensure quality performance of all providers in areas such as Child Find. As a result, most of the regions are serving fewer children than the 3 percent statewide estimate of the number of eligible children.[2] This is true in regions such as Houston, El Paso, and the Valley, where high incidents of poverty and child abuse and neglect would be expected to lead to higher program participation.

▼ **ECI needs to improve its contracting process by adding evaluation of children's service outcomes.**

- The current General Appropriations Act sets a standard for contracting by health and human services. Rider 13, Article II, of the Act prohibits agencies from expending public funds on contracts if the contracts do not include clearly defined goals, outputs, and measurable outcomes that directly relate

to program objectives. Agencies must also make a determination of whether the performance objectives in the contracts have been achieved.

- In its contract monitoring reports, ECI monitors for compliance with policies related to fiscal management, client procedural safeguards, and program requirements such as eligibility determination, assessment and evaluation, and the required elements in the IFSP. While this monitoring ensures providers are complying with state and federal law, it does not meet the intent of the rider with respect to evaluating whether contractors are meeting performance objectives related to client outcomes.

ECI has not developed methods of measuring the success of its contractors in delivering services that result in a documented benefit to a child.

- In addition, the State Auditor's Office has recommended that state agencies select service providers based on their performance and cost, and sanction providers that do not meet performance standards. Examples of agencies that have met legislative intent related to contracting include the Commission on Alcohol and Drug Abuse and the Department of Protective and Regulatory Services. Both agencies have incorporated performance-based accountability provisions or controls in their contract selection, monitoring, and evaluation processes and procedures.

Conclusion

ECI has not developed methods of measuring the success of its contractors in meeting important statutory responsibilities. The agency has not developed reliable or useful outcome measures that can be used to hold its contractors accountable for delivering services that result in a documented benefit to a child. Consequently, the agency's oversight of service providers is limited to compliance with procedures and does not promote quality in service delivery.

Without information that shows if services meet client needs, ECI cannot effectively monitor the performance of its service providers, does not have all of the elements necessary to use a 'best value' method of procuring services, and cannot effectively hold contractors accountable through performance-based contracts. Given that ECI delivers all of its direct services through contractors, the agency must have a strong system in place to hold contractors accountable for effectively meeting the needs of ECI clients.

Recommendation

Management Action

- **ECI should add outcome-based performance measures to its contract monitoring system and sanction providers who do not meet the performance objectives.**

The agency should resume the task of developing relevant service outcome definitions and expectations for all programs and activities under its jurisdiction. At a minimum, ECI should use its contracting and performance monitoring process to establish quality standards for its services, ensure that providers actually deliver the service units identified in the family service plan, and evaluate whether the services achieved the desired goal or impact for the child and family. The agency should solicit input from all stakeholders in developing these service outcomes, and incorporate the outcomes in its provider contracting, monitoring and evaluation processes. This type of monitoring and evaluation approach should result in positive recognition for the many ECI providers who deliver excellent services.

Fiscal Impact

This recommendation to strengthen accountability over public funds through effective program and provider performance measurement, monitoring, and reporting would result in a positive fiscal impact for the State. However, the exact fiscal benefit cannot be determined for this report.

[1] ECI, *Program Monitoring Reports*, Submitted to Sunset, March 1998.

[2] ECI, *Fiscal Year 1998 Funding Application Review*.

Issue 5

Decide on Continuation of the Interagency Council on Early Childhood Intervention as a Separate Agency After Completion of Sunset Reviews of all Health and Human Service Agencies.

Background

The Legislature scheduled most of the State's health and human service agencies for Sunset review in 1999. Health and human services (HHS) is the second largest function of State government. With a combined appropriation of $26.1 billion for the 1998-99 biennium, these agencies account for almost 30 percent of State government's budget.

With most HHS agencies under review together, the Sunset Commission has an unprecedented opportunity to study how the State has organized this area of government. Currently, 13 separate agencies have primary responsibility to carry out the numerous state and federal programs, services, assistance, and regulations designed to maintain and improve the health and welfare of the citizens of Texas. Reviewing these agencies together will enable a look across agency lines — at types of services provided, types of clients served, and funding sources used. Assuming any organization changes are needed, this information will prove valuable in the analysis of how best to make those changes.

ECI is one of 13 health and human services agencies under Sunset review.

Central to the Sunset review of any agency is determining the continuing need for the functions it performs and whether the current agency structure is the most appropriate to carry out those functions. Continuation of an agency and its functions depends on certain conditions being met, as required by the Sunset Act. First, a current and continuing need should exist for the State to provide the functions or services. In addition, the functions should not duplicate those currently provided by any other agency. Finally, the potential benefits of maintaining a separate agency must outweigh any advantages of transferring the agency's functions or services to another agency.

The Sunset staff evaluated the continuing need for the Interagency Council on Early Childhood Intervention (ECI) and its functions in light of the conditions described above. This approach led to the following findings.

Findings

▼ **Texas has a continuing need for the services provided by the Interagency Council on Early Childhood Intervention.**

Providing services to children with developmental delays remains an important state function.

- The Council's main functions, planning and implementing early childhood intervention services for children who have or are at risk of having developmental delay, are critical to the State's goal of reducing dependence on public assistance through an efficient and effective system that promotes the health, responsibility, and self sufficiency of individuals and families. The agency accomplishes this through administration, supervision, and monitoring of a statewide comprehensive system intended to make services available to all children in this state, who are below the age of three and have developmental needs. A child is eligible for ECI services if the child has documented developmental delay or a medically diagnosed physical or mental condition that has a high probability of resulting in a developmental delay or atypical development.

- ECI operates as the lead agency for early childhood intervention efforts in Texas under the Individuals with Disabilities Education Act (IDEA). Services to children and their families include the components of a comprehensive services delivery system required under IDEA. The federal government requires the State to designate an appropriate agency to receive IDEA funds.

- ECI currently funds 69 programs responsible for providing comprehensive services to eligible children in the state. Individual programs are contractually required to serve eligible children within all Texas counties. ECI staff estimate that three percent of Texas infants up to age three, or approximately 28,000 children, experience developmental delays making them eligible for ECI comprehensive services. In fiscal year 1997, ECI programs served over 21,000 children and their families. Programs are operated by Education Service Centers, Independent School Districts, community and state mental health and mental retardation centers, and private/non-profit service providers. The State needs to maintain efforts to provide services to eligible children.

- ECI and its contractors maintain a public awareness system that promotes the early identification of children who may be eligible to receive intervention services. Public awareness initiatives disseminate information about ECI services to the general public and encourage involvement of, and communication with, parents, advocacy groups and associations. In addition to local public awareness programs, each local ECI contractor agrees to maintain and operate a Child Find program that attempts to ensure that all infants and toddlers eligible for intervention services are identified, located, and evaluated. Public awareness efforts are essential to the success of ECI programs.

- ECI programs screen any child under age three with suspected developmental delay at no cost to the family and eligibility for ECI services is determined using test performance, medical diagnosis, or through the assessment of a qualified professional. The evaluation and assessment of the child is followed by the preparation of an individualized family service plan that contains the results of the child's evaluation and an outline of the early intervention services recommended for the child and family. The screening and plan for services ensure that the State meets each child's service needs and that funds are spent only where needed to address developmental delays.

▼ **While the agency's current functions should continue, organizational alternatives exist that should be explored.**

Other state agencies provide similar services or target similar clients.

- ECI is one of thirteen separate agencies that perform the State's health and human service functions. These agencies' responsibilities are generally unique, but the types of services offered, clients served, and funding sources used are sometimes very similar. For example, the Texas Education Agency provides special education services to children with developmental delay once they are no longer eligible for ECI services, after reaching the age of three. Likewise, over half of the programs ECI contracts with for services are affiliated with state or community mental health and mental retardation centers that often receive state funds through MHMR. In addition, the Texas Rehabilitation Commission provides case management services to clients in communities that focus on physical rehabilitation and independent living skills training. Case management is an important part of the ECI program.

- Because of these similarities, many options to the current system have been and should continue to be considered. For example, the interim work of the Legislature during the past four years has yielded more than 550 recommendations for change in HHS policies and operations. Many of these recommendations have not been implemented and should be considered in the Sunset process.

- Continuation of an agency through the Sunset process hinges on answering basic questions about whether duplication of functions exists between agencies and whether benefits would result from consolidation or transfer of those functions. The Sunset staff has identified several instances where organizational change may be warranted. Examples include consolidation of core administrative functions, collocation of field offices, collapsing of contracting functions, better alignment of similar services to similar clients, and a close look at how planning and budgeting could be improved. These changes should be looked at before the Sunset Commission makes decisions to continue an HHS agency under review.

▼ **Continuation of ECI as a separate agency should be decided after completion of all HHS agency Sunset reviews.**

- The Sunset reviews of the HHS agencies are scheduled for completion at various times before the end of 1998. The Sunset staff will use the results of this work in its review of the Health and Human Services Commission, the umbrella agency for HHS. The staff will also study the overall organizational structure of this area of government. Finally, the staff will evaluate issues that cut across agency lines, such as the need for a single agency for long-term care, consolidation of services to persons with disabilities, the need for a single agency to administer Medicaid services, and streamlining regulatory functions.

- The Commission's schedule sets the review of the Health and Human Services Commission and HHS organizational and cross issues for the Fall of this year (1998). Delaying decisions on continuation of all HHS agencies, including ECI, until that time allows the Sunset staff to finish its work on all the agencies and base its recommendations on the most complete information.

Conclusion

The functions performed by ECI continue to be needed. However, most of the State's health and human service agencies are currently under Sunset review. While these agencies serve many unique purposes they also have many similarities that should be studied as areas for possible improvement through organizational change. This analysis should occur before decisions are made to continue the HHS agencies as separate entities, including the Interagency Council on Early Childhood Intervention.

Recommendation

Change in Statute

- **Decide on continuation of the Interagency Council on Early Childhood Intervention as a separate agency upon completion of Sunset reviews of all health and human service agencies.**

Sunset review of several other HHS agencies are ongoing. Sunset staff recommends that the Sunset Commission delay its decision on continuation of ECI as a separate agency until those reviews are completed. The results of each agency review should be used to determine whether changes are needed in the overall organization of health and human services.

The staff will issue a report to the Commission in the Fall of this year (1998) that will include recommendations for each HHS agency — to continue, abolish and transfer functions, or consolidate specific programs between agencies. This report will also include, for possible action, three agencies under the HHS umbrella not scheduled for specific review this cycle, the Department of Protective and Regulatory Services, the Texas Commission on Alcohol and Drug Abuse, and the Texas Juvenile Probation Commission. These agencies were reviewed by the Sunset Commission in 1996 and continued by the Legislature last year. Possible reorganization of health and human services may affect the continuation of these agencies as independent entities.

Across-the-Board Recommendations

Interagency Council on Early Childhood Intervention		
Recommendations	**Across-the-Board Provisions**	
	A. GENERAL	
Already in Statute	1.	Require at least one-third public membership on state agency policymaking bodies.
Update	2.	Require specific provisions relating to conflicts of interest.
Already in Statute	3.	Require that appointment to the policymaking body be made without regard to the appointee's race, color, disability, sex, religion, age, or national origin.
Apply	4.	Provide for the Governor to designate the presiding officer of a state agency's policymaking body.
Already in Statute	5.	Specify grounds for removal of a member of the policymaking body.
Update	6.	Require that information on standards of conduct be provided to members of policymaking bodies and agency employees.
Apply	7.	Require training for members of policymaking bodies.
Apply	8.	Require the agency's policymaking body to develop and implement policies that clearly separate the functions of the policymaking body and the agency staff.
Apply	9.	Provide for public testimony at meetings of the policymaking body.
Apply	10.	Require information to be maintained on complaints.
Already in Statute	11.	Require development of an equal employment opportunity policy.

BACKGROUND

Background

Agency History

The Interagency Council on Early Childhood Intervention (ECI) was established in 1981 by the 67th Legislature to plan and implement early childhood intervention services for children who have, or are at risk of having, a developmental delay. ECI is responsible for the administration, supervision, and monitoring of a statewide comprehensive system to ensure that all children in this state, who are below the age of three and have developmental needs, receive services. These services are provided in partnership with their families and in the context of their local community.

The creation of ECI resulted from the work of an interim committee made up of legislators and representatives of the Texas Department of Health (TDH), Texas Department of Mental Health and Mental Retardation (TDMHMR), Texas Education Agency (TEA), and the Legislative Budget Board. The committee's report identified significant problems associated with the delivery of services to children with disabilities including limited public awareness of services, fragmentation of services among multiple agencies, and the unavailability of services in many areas of the state. The interim committee recommended that an Interagency Council on Early Childhood Intervention be created as the policymaking body responsible for a comprehensive, statewide system of intervention services, leading to ECI's creation in 1981. ECI's initial governing Board was comprised of key employees of the state agencies with responsibility for serving children with developmental delays. As an interagency coordinating council, ECI initially had no staff of its own and received administrative support from TDH. ECI awarded its first state contracts for early intervention services in fiscal year 1982 totaling $5.7 million to 48 local programs.

Initially created as an interagency council, ECI became an independent agency in 1993.

Subsequent legislation modified ECI's Board composition, and eventually resulted in the designation of ECI as an independent state agency in 1993. In 1997, the 75th Legislature enacted legislation that changed the composition of the ECI Board from a coordinating entity made up of state agency employees to one composed of family members of children with developmental delay and a representative of TEA. As of August 1, 1998, the public Board members have not been appointed.

The chart, *Legislative History of ECI*, summarizes the history of ECI in Texas. For a summary of key federal legislation effecting ECI, see Appendix A.

Policymaking Body

ECI is governed by a nine-member Board. Eight Board members are appointed by the Governor, and are the family members of children with developmental delay. Of these eight Board members, five must be parents of a child who is receiving or has received early childhood intervention services. One ex-officio Board member is a representative of the Texas Education Agency appointed by the Commissioner of Education. All appointed members serve staggered six-year terms. The Board's presiding officer and assistant presiding officer are elected by the Board members for two-year terms.

As of August 1, 1998, the ECI Board's new public members had not been appointed.

In addition to the nine voting Board members, nonvoting representatives to the Board are appointed by the executive heads of the following agencies: the Texas Department of Health, the Texas Department of Mental Health and Mental Retardation, the Texas Commission on Alcohol and Drug Abuse, the Texas Department of Human Services, the Texas Department of Protective and Regulatory Services, and the Texas Workforce Commission. These nonvoting representatives are charged with participating in Board deliberations and advising the Board on the appointing agency's perspective and concerns regarding early childhood intervention programs.

The ECI Board is required through statute to develop and implement a strategic plan for a statewide system of early intervention services as required by the federal Individuals With Disabilities Education Act (IDEA). The statute directs the Board to address contemporary issues affecting intervention services in the state including, successful intervention strategies, personnel preparation and continuing education, screening services, day or respite care services, public awareness, and contemporary research.

The Board is also directed to advise the Legislature regarding additional legislation needed for a statewide system of quality intervention services for children and their families.

Early Childhood Intervention Advisory Committee

State and federal statutes establish an advisory committee to assist and advise the ECI Board in the development of a statewide system of services. In

Legislative History of ECI	
Session/Date	**Action**
67th Legislature 1981	Senate Bill 630 created ECI by establishing a five member interagency policymaking council composed of one public member and representatives from the Department of Health (TDH), the Department of Mental Health and Mental Retardation (MHMR), the Texas Education Agency (TEA), and the Department of Human Services (DHS). ECI employed no staff and conducted all of its activities through interagency contracts with the participating agencies. Administrative support was provided by TDH. ECI functioned as a policymaking office within TDH and supported TDH in providing grants to programs serving children with developmental delays. ECI administrators were employed by TDH. Some employees of state agencies worked for ECI under an interagency contract but followed the administrative policies of their respective employing agency. Early childhood services were available in 150 of 254 counties when ECI was created. In January, 1982, ECI made its first awards totaling $5.7 million, to fund services at 48 local ECI programs throughout Texas.
71st Legislature 1989	A rider was added to the General Appropriations Act to clarify the role and responsibility of the ECI Board. The rider specified that the ECI Board was the "authority of final jurisdiction" in matters relating to administration of ECI functions. In effect, the rider strengthened ECI's authority to independently set statewide policy across agency lines. ECI continued to be staffed through interagency contracts with other state agencies.
72nd Legislature 1991	House Bill 7 charged the Health and Human Services Commission with recommending to the 73rd Legislature any necessary changes to ECI services. The HHSC report recommended that the ECI statute be amended to reflect the Council's separate agency status and policymaking authority. HHSC recommended that ECI should continue to receive its administrative support from other HHS agencies for cost efficiency.
73rd Legislature 1993	The HHSC recommendation that ECI be established as an independent state agency was implemented by the Legislature in 1993. ECI was granted the authority to develop intervention programs and enter into contracts to provide intervention services. In addition, ECI was designated as the lead state agency for the administration of portions of Public Law 99-457, the federal Individuals with Disabilities Education Act (IDEA), which provides funds for comprehensive services to children with developmental delays. The legislation expanded the ECI Board by adding representatives from the Department of Protective and Regulatory Services (PRS) and the Commission on Alcohol and Drug Abuse (TCADA) and by increasing the number of public members parents of a child with a developmental delay, from one to three. In addition, the Board was authorized to employ an ECI administrator and other necessary personnel. Employees of MHMR, DHS, TEA, and TDH who performed ECI functions under interagency contracts were transferred to the newly-created agency.
75th Legislature 1997	Senate Bill 305 established a nine member Board composed of eight public members appointed by the Governor who are the family members of children with developmental delay; and one ex officio Board member who must be a representative of TEA, to be appointed by the Commissioner of Education. Five of the public members must be the parents of children who are receiving or have received early childhood intervention services. In addition to the voting Board members, non-voting representatives to the Board must be appointed by the respective executive directors of TDH, MHMR, TCADA, DHS, PRS, and the Workforce Commission.

Texas, one advisory committee fulfills both the state and federal requirements. The advisory committee consists of 22 members appointed by the Governor. All appointed members serve staggered six-year terms. The chart, *Membership Requirements for ECI's Advisory Committee*, details the committee's composition.

Membership Requirements for ECI's Advisory Committee

Committee membership must be reasonably representative of the population of the state.

At least seven of the members must be parents including minority parents of children with disabilities aged 12 or younger with knowledge of, or experience with, programs for infants and toddlers with disabilities.

At least five of the members must be public or private providers of early childhood intervention services one of whom is a consultant and provider of services in an educational service center.

At least one representative from the Texas Legislature, (currently the Honorable Judith Zaffirini, State Senator).

At least one member must be involved in personnel preparation (program staff credentialing and training).

One representative from TDH, MHMR, TEA, and the Department of Insurance. At least one member must be from each of the state agencies involved in the provision of or payment for early intervention services to infants and toddlers with disabilities and their families and shall have sufficient authority to engage in policy planning and implementation on behalf of such agencies.

A physician, preferably a pediatrician who deals with children with developmental disabilities.

A professional advocate of the rights of young children with developmental disabilities.

FUNDING AND ORGANIZATION

Revenues

Approximately 65% of the agency's budget comes from federal sources.

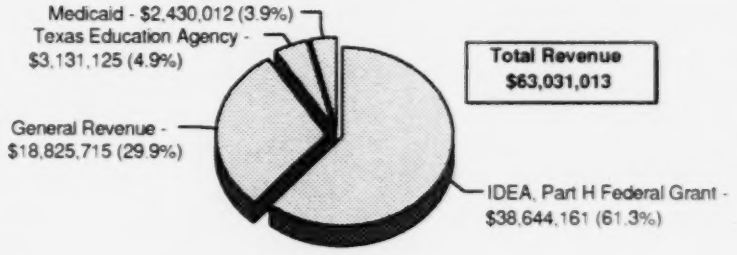
In fiscal year 1997, ECI received a total of $63 million in funding. ECI funding comes from two primary sources - federal grant award funds from the Individuals with Disabilities Education Act, and state General Revenue appropriations. Other sources of revenue include Medicaid reimbursements and an interagency contract with the Texas Education Agency to conduct child find activities. The chart, *Sources of Revenue*, summarizes ECI's funding pattern. In total, approximately 65 percent of the agency's budget was funded through federal sources.

Federal funding for ECI programs is allocated to states by the U.S. Department of Education based on the ratio of the total number of infants and toddlers in the state to the total number of infants and toddlers in all states. Federal IDEA funding is awarded in July of each year and may be spent over a 27 month period. The 27-month funding policy provides ECI with the flexibility to allocate federal funds among three state fiscal years.

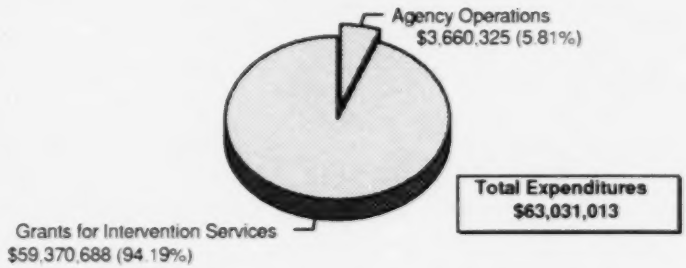
Expenditures

In fiscal year 1997, out of the $63 million available, ECI used $59.4 million as grants to local service providers for early intervention services. This represents approximately 95 percent of the agency's budget. ECI purchases services through grants to contractors who provide comprehensive early intervention services, or who participate in ECI child find programs that seek to identify low birth weight babies at risk of developmental delay. The remaining funds, $3.7 million, funded agency operations. The charts, *Total Expenditures* and *Agency Operations*, detail expenditures for fiscal year 1997.

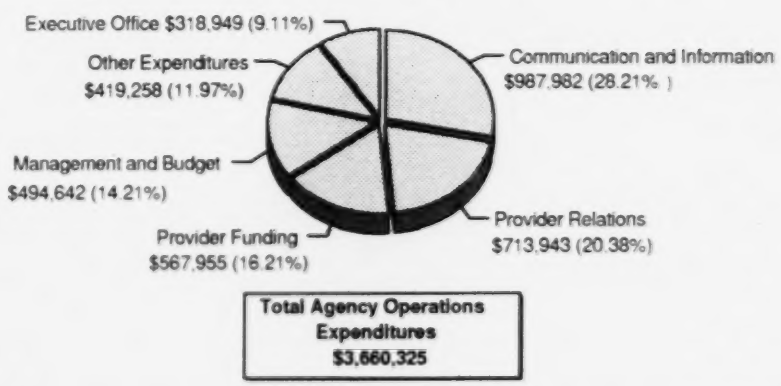
Sources of Revenue
Fiscal Year 1997


Medicaid - $2,430,012 (3.9%)
Texas Education Agency - $3,131,125 (4.9%)
General Revenue - $18,825,715 (29.9%)
IDEA, Part H Federal Grant - $38,644,161 (61.3%)
Total Revenue $63,031,013

Total Expenditures
Fiscal Year 1997



Agency Operations
Fiscal Year 1997


Executive Office $318,949 (9.11%)
Other Expenditures $419,258 (11.97%)
Management and Budget $494,642 (14.21%)
Provider Funding $567,955 (16.21%)
Communication and Information $987,982 (28.21%)
Provider Relations $713,943 (20.38%)
Total Agency Operations Expenditures $3,660,325

HUB Expenditures

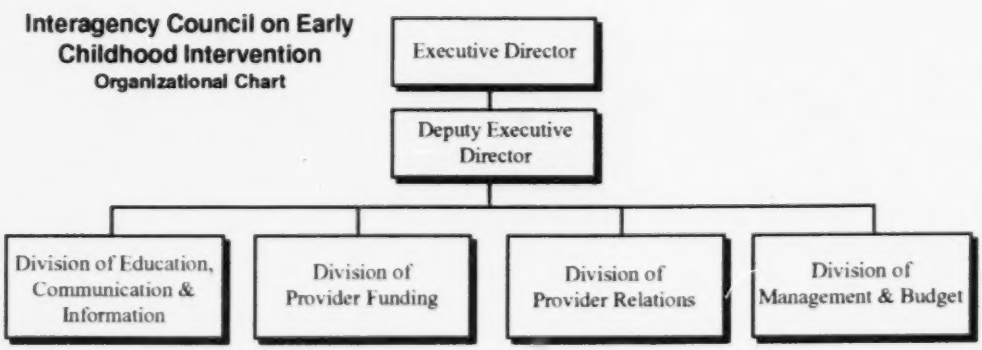
The Legislature has encouraged agencies to make purchases with Historically Underutilized Businesses (HUBs). The Legislature also requires the Sunset Commission to consider agencies' compliance with laws and rules regarding HUB use in its reviews. In 1997 , ECI purchased 7.2 percent of goods and services from HUBs. The chart, *Purchases from HUBs - Fiscal 1997*, provides detail on HUB spending by type of contract and compares these purchases with the statewide goal for each spending category. The chart shows that ECI is well under the statewide goal for its largest category of purchases, other services, and does not meet the goal for other categories.

Purchases from HUBs
Fiscal Year 1997

Category	Total $ Spent	Total HUB $ Spent	Percent	Statewide Goal
Heavy Construction	N/A	N/A	NA	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trade	$0	$163	0	57.2%
Professional Services	$36,903	$0	0	20.0%
Other Services	$258,850	$17,286	6.7	33.0%
Commodities	$112,454	$12,216	10.9	12.6%
Total	**$408,370**	**$29,502**	**7.2**	

Organization

ECI is budgeted for 66 staff, all housed at the agency's headquarters in Austin. ECI's functions are carried out through an executive office and four agency divisions. The chart, *ECI Organizational Structure*, illustrates the ECI divisions and assigned staff.


Interagency Council on Early Childhood Intervention
Organizational Chart
Executive Director
Deputy Executive Director
Division of Education, Communication & Information
Division of Provider Funding
Division of Provider Relations
Division of Management & Budget

The Executive Office provides for executive management of the agency and performs strategic planning, human resource management, and program evaluation functions. The Education, Communication, and Information Division coordinates statewide public awareness, and child find initiatives. Functions performed by the Provider Funding Division include fiscal

monitoring and review of revenue sources and expenditures including Medicaid. Functions performed by the Provider Relations Division include program monitoring and technical assistance to providers. The Management and Budget Division manages all support and operational aspects of the ECI state office.

Interagency Council on Early Childhood Intervention (ECI)
Equal Employment Opportunity Statistics
Fiscal Year 1997

Job Category	Total Positions	Minority Workforce Percentages					
		Black		Hispanic		Female	
		Agency	State Goal	Agency	State Goal	Agency	State Goal
Officials/Administration	7	14%	5%	14%	8%	71%	26%
Professional	36	7%	7%	12%	7%	76%	44%
Technical	2	0%	13%	0%	14%	50%	41%
Protective Services	0	n/a	13%	n/a	18%	n/a	15%
Para-Professionals	4	25%	25%	25%	30%	100%	55%
Administrative Support	13	8%	16%	30%	17%	92%	84%
Skilled Craft	0	n/a	11%	n\a	20%	n/a	8%
Service/Maintenance	0	n/a	19%	n/a	32%	n/a	27%

ECI is subject to the General Appropriations Act, including provisions that set employment goals for minorities and women by specific job category. These goals are a useful measure of diversity and an agency's commitment to developing a diverse workforce. The chart, *Equal Employment Opportunity Statistics, Fiscal 1997*, shows the composition of ECI's workforce and compliance with state goals. ECI meets or exceeds most minority civilian labor force percentages for employment of women and minorities.

AGENCY OPERATIONS

All ECI functions are directed toward the goal of providing early childhood programs that increase the likelihood that children with developmental delay will develop to their highest potential. To achieve its goal, ECI funds and monitors a service delivery system composed of local and regional service providers. The following discussion of agency operations first centers on a description of how ECI funds the local service delivery system and then details the service elements ECI requires for each program.

All ECI functions are aimed at serving children with developmental delays.

Program Funding

ECI allocates funds to comprehensive service providers on a grant basis that includes administrative and direct service costs to provide services to children in a given geographic region of the state. ECI awards contractors a grant to provide services for a specific number of "slots," where more than one child can be served per slot, based on funding requests and historical caseloads. ECI estimates the average monthly caseload a provider is expected to serve and then determines the reimbursement rate for each slot based on the

program's total cost. Besides administrative and direct service costs, other funding sources also affect a provider's rate such as Medicaid, private insurance reimbursements, or local funds. In fiscal year 1997, the average cost to serve a child in an ECI program was $6,217 per slot. The range across the state varied from $4,470 to $9,624.

Receipt of federal funds depends on maintaining current levels of state and local funding.

To receive federal IDEA funding, states must enter into a maintenance of effort (MOE) agreement that ensures federal funds do not supplant current-level local and state funding. MOE is typically composed of state funds, other federal funds (Medicaid, etc.), and local funds (fees, private insurance, United Way, etc.). In Texas, local MOE dollars committed to support the ECI program of comprehensive services totaled $24 million in fiscal year 1997. This local MOE amount, when added to the appropriated state and federal funding, results in a total amount of $87 million in federal, state, and local funds available in fiscal year 1997 to support ECI programs. Fifty-four percent of MOE amounts, or $13 million, came from state funds historically appropriated to the Texas Department of Mental Health and Mental Retardation to provide early intervention services. Medicaid revenues comprise another eighteen percent of the local maintenance of effort, or approximately $4.3 million, and United Way contributions add another seven percent, or $1.7 million, in MOE funding.

Before 1993, some local service providers collected fees for ECI services. Fee collection peaked in fiscal year 1989 when 21 programs collected $558,261 in fees. Senate Bill 305 deleted the agency's authority to charge fees, although federal law allows fees to be charged on a sliding scale for certain services, including most direct services prescribed in the family service plan.

Approximately 29 percent of children served by ECI have some type of insurance. Reimbursements from private insurance and HMOs provide another source of funding for ECI services. Collections from these sources are minimal (approximately $290,000 in fiscal year 1997).

The primary federal funding source accessed by local service providers is Medicaid. Approximately 60 percent of ECI families are eligible for Medicaid. ECI allows local programs to retain Medicaid reimbursements and the amount of the reimbursement is applied by ECI to reduce or offset the amount of state funding available to local contractors. The additional Medicaid income allows local programs to enhance the quality of services or more adequately serve greater numbers of children.

ECI participates in Medicaid funded activities through three federal programs beginning with Targeted Case Management (TCM) in 1993, Early and Periodic Screening and Treatment and Comprehensive Care Program (EPSDT/CCP) administered through the Tex De[illegible]nt Health, and Medicaid Administrati[illegible] (MAC), since 1997. The foll[illegible]ing cha[illegible] *From Medicaid*, shows recent [illegible]in[illegible] from Medicaid. For more informa[illegible]he types of Medicaid an ECI program can bill, see the chart *ECI M[illegible]id Programs* in Appendix B.

Income From Medicaid - ECI Programs			
Fiscal Year	EPSDT	Targeted Case Management	Administrative Claiming
1996	$1,905,564	$1,659,662	NA
1997	$1,215,004	$1,874,660	$1,233,417
1998 Projected	$2,000,000	$1,208,635	$2,100,000

Program Requirements

The service delivery system includes several key components: definition of the population to be served (eligibility); public awareness and referral for services; child find activities; evaluation and assessment for services; development of the service plan and delivery of services; a system of personnel standards and development; procedural safeguards (i.e., parental consent), and complaint resolution; and program compliance monitoring. Each of these components is discussed in the following material.

Eligibility

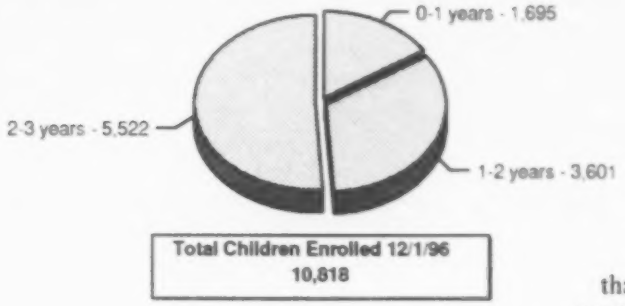
ECI serves children under the age of three with developmental delay from families of all income levels at no cost. ECI staff estimate that three percent of Texas infants up to age three, or approximately 28,000 children, experience developmental delays making them eligible for ECI comprehensive services. The chart, *Percent of Children Served By ECI Programs*, details the extent that ECI meets needs in each region of the state. A child is eligible for ECI services if the child is under three years old and has documented developmental delay, or a medically

Percent of Children Served by ECI Comprehensive Programs — by HHSC Region				
Region Number	Major City in Region	Health and Human Services Commission Region	Number of Counties	FY 97% Served Age 0 - 3
1	Lubbock	High Plains	41	3.76%
2	Wichita Falls	Northwest Texas	30	3.17%
3	Dallas	Metroplex	19	2.07%
4	Tyler	Upper East Texas	23	2.77%
5	Beaumont	Southeast Texas	15	3.17%
6	Houston	Gulf Coast	13	2.04%
7	Austin	Central Texas	30	2.70%
8	San Antonio	Upper South Texas	28	2.77%
9	Midland	West Texas	30	2.22%
10	El Paso	Upper Rio Grande	6	1.79%
11	Harlingen	Lower South Texas	19	1.90%

diagnosed physical or mental condition that has a high probability of resulting in a developmental delay or atypical development.

A high probability of developmental delay is associated with low birth weight, economic status of the family, age of the mother and adequacy of prenatal care. Babies with multiple risk factors have a greater probability of developmental delay. Many children receiving ECI services experience delays in more than one developmental area. ECI contractors provided services to 21,872 children with developmental delays in fiscal year 1997. The chart, *Ages of Children Receiving ECI Comprehensive Services*, details the average age breakdown of services at any one time during the year.

Ages of Children Receiving ECI Comprehensive Services
Fiscal Year 1997



Public Awareness and Referral for Services

Each state that accepts Individuals with Disabilities Education Act (IDEA) funding must maintain a comprehensive public awareness system that promotes the early identification of children who may be eligible to receive intervention services. Public awareness initiatives disseminate information about ECI services to the general public and encourage involvement of, and communication with, parents, advocacy groups and associations.

A plan for interagency coordination of referrals and staff resources is also a part of the required local public awareness system. Federal regulations define an effective public awareness system as one that:

- provides a continuous, ongoing awareness effort throughout the state including rural areas;
- provides for the involvement of, and communication with, major organizations that have a direct interest in ECI including state and local agencies, private providers, professional associations, parent groups, and advocate groups;
- reaches the general public, including those who have disabilities; and
- includes a variety of methods for informing the public about ECI services.

As shown in the chart, *Referrals to ECI Comprehensive Programs*, children are referred for ECI services by hospitals, physicians, family members, day

care programs, public health facilities, social service agencies, and health care providers.

ECI's public awareness efforts are carried out centrally by ECI state office staff and locally by the ECI contractors who provide intervention services. ECI staff in Austin operate a statewide toll-free telephone line to receive referrals for services and maintain a central directory of all ECI providers, experts, and professional groups that provide assistance to eligible children. In addition, ECI state office staff conduct an annual mailing to approximately 60,000 potential referral sources.

Referrals to ECI Comprehensive Programs Fiscal Year 1997

Referral Source	Number	Percent of Referrals
Medical/Health Services	9,364	(40%)
Parents, Family, Friends	7,110	(31%)
ECI Programs	2,193	(10%)
Social Services	1,974	(9%)
Educational Services	1,198	(5%)
Milestones Programs	882	(4%)
Other	258	(1%)
TOTAL	22,979	(100%)

Child Find Activities

In addition to a local public awareness program, federal law and ECI requires each local ECI contractor to maintain and operate a Child Find program. Child Find activities attempt to ensure that all infants and toddlers who are eligible for intervention services are identified, located, and evaluated. Federal law requires ECI to operate a child find program for the early identification of children under three years of age at risk of developmental delay and to coordinate child find efforts with other agencies serving children with developmental delays. ECI's Child Find program must include procedures to be used by primary referral sources (e.g., local hospitals, Medicaid programs, maternal and child health programs, school districts, health care providers, etc.) for referring a child to an ECI program.

Federal law requires states to attempt to identify, locate, and evaluate all eligible infants and toddlers.

Federal regulations specify that ECI have procedures to ensure that referrals are made no more than two working days after a child has been identified. Most Child Find activities are implemented by local programs and include strategies to coordinate efforts with primary referral sources to screen and identify children and evaluate them for eligibility. All local ECI programs participate in Child Find activities, and many coordinate through an area consortium of ECI programs, and other programs in the community, that serve children.

Definition of Developmental Delay

"Developmental delay" is defined as a significant variation in normal development, and may occur in one or more of the following areas:

- cognitive
- physical
- communicative
- social/emotional
- adaptive

ECI initiated a special Child Find program, called Milestones, in 1988. The program targets children who are at risk of developmental delay because of extremely low birth weight, but are not yet assessed as having developmental delay and do not qualify for ECI comprehensive services. A child under the age of three is eligible for Milestones services if the

child weighs 1,500 grams (3.3 pounds), or less at birth. ECI has reassessed the need for Milestones in light of program costs and the increasing effectiveness of Medicaid managed care programs in tracking at-risk low birth weight babies and has integrated the requirements with its comprehensive programs.

Evaluation and Assessment for Services

ECI programs must provide screening and evaluation for each child referral.

Any child under age three with suspected developmental delay may be screened at no cost to the family. When a child is referred to ECI, an employee of a local provider arranges for evaluation of the child and serves as the primary liaison with the child's family. ECI programs must provide appropriate medical and developmental screening or evaluation for each child referred. Eligibility for ECI services may be determined using test performance, medical diagnosis, or through the assessment of a qualified professional (a psychologist, speech therapist, physician, occupational therapist, etc.) Eligibility is also determined through medical diagnosis of specific conditions including, but not limited to, Downs Syndrome and other chromosomal abnormalities, sensory impairment, errors of metabolism, microcephaly, failure to thrive, seizure disorders, and fetal alcohol syndrome. A delay is diagnosed by an interdisciplinary team using appropriate instruments and procedures and through informed clinical opinion.

ECI programs determine eligibility for services on the basis of months of developmental delay, as shown in the chart, *Eligibility Criteria*.

Eligibility Criteria	
Age of Child	**Criteria to Establish ECI Eligibility**
2 to 12 mos.	Delay of two months in one developmental area.
13 to 24 mos.	Delay of three months in one developmental area.
25 to 36 mos.	Delay of four months in any developmental area.

The most common categories of developmental delay for ECI children in 1997 were: communication delay (47.8%), physical/motor delay (45.6%), and cognitive development delay (27.1%).

Development of the Service Plan and Delivery of Services.

The evaluation and assessment of the child is followed by the preparation of an individualized family service plan (IFSP) by an ECI interdisciplinary team. ECI requires that at least two professionals who provide early intervention services participate in the IFSP meeting along with the parents, and others

who may attend at the parent's request. The IFSP addresses the child and family's needs, contains the results of the child's evaluation, and an outline of the early intervention services recommended for the child and family. Frequency, intensity, location, and method of service delivery must be addressed in the IFSP. The chart, *Primary Settings Where ECI Services Are Delivered*, provides more detail.

Primary Settings Where ECI Services are Delivered

Service Settings	0-1 Year	1-2 Years	2-3 Years	Total Percent
Early Intervention Center or Classroom	1.7%	3.8%	6.4%	4.8%
Home-Based	89.5%	84.6%	76.9%	81.4%
Family Child Care	2.7%	2.4%	2.4%	2.4%
Regular Nursery School/Child Care Center	3.8%	6.7%	11.2%	8.6%
Outpatient Service Facility	0.8%	1.9%	2.0%	1.8%
Hospital	0.1%	0.0%	0.0%	0.0%
Residential Facility	0.4%	0.2%	0.1%	0.2%
Other settings	1.1%	0.5%	0.9%	0.8%

Medical follow-up is also a component of ECI service coordination. Medical follow-up includes determining the parents perception of the child's health, tracking immunizations and medical screens, and obtaining and reviewing medical records to assist the family in working with health care providers.

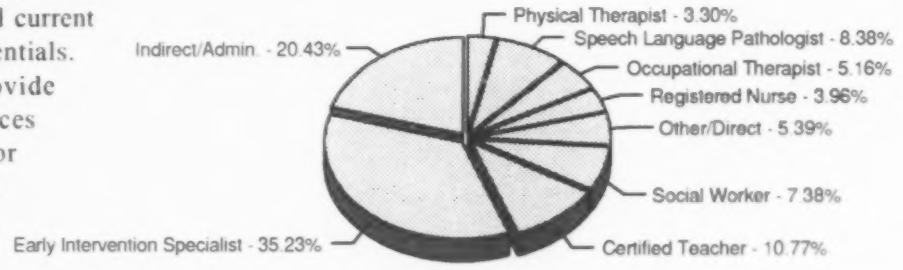
As noted earlier, ECI currently contracts with 71 local entities to deliver comprehensive early childhood intervention services. These primary contractors include: community mental health and mental retardation centers (25); state-operated community MHMR Centers (9); MHMR state centers (3); private, non-profit, local organizations (20); local independent school districts (6); education service centers (7); and U.T. Medical Branch, Galveston.

System of Personnel Standards and Development

Personnel Standards

Staff of contractors who provide ECI services must meet appropriate professional standards and hold current professional credentials. Staff who provide intervention services include certified or licensed professionals such as teachers, speech/language pathologists, social workers, occupational therapists, physical therapists and nurses. The chart, *Personnel Employed by ECI Contractors*, details the

Personnel Employed by ECI Contractors
Fiscal Year 1997


Physical Therapist - 3.30%
Speech Language Pathologist - 8.38%
Occupational Therapist - 5.16%
Registered Nurse - 3.96%
Other/Direct - 5.39%
Social Worker - 7.38%
Certified Teacher - 10.77%
Early Intervention Specialist - 35.23%
Indirect/Admin. - 20.43%

ECI Comprehensive Early Intervention Services

Intervention Services Most Frequently Needed by ECI Clients

- Special Instruction
- Speech-Language Therapy
- Family Counseling
- Occupational Therapy
- Physical Therapy
- Social Work Services
- Assistive Technology

Other Required Intervention Services

- Audiology
- Early Identification, Screening and Assessment
- Family Education
- Health Services
- Home Visits
- Medical Services
- Nursing
- Nutrition
- Psychological Services
- Service Coordination
- Transportation
- Vision Services

distribution of service providers. In addition, ECI sets the qualifications to certify local service provider staff who do not hold other professional licences or certification. These staff are referred to as Early Intervention Specialists (EIS). For more information, see Appendix C.

Personnel Development

Federal and state laws and related regulations require ECI to maintain a comprehensive system of personnel development that provides training for personnel needed to meet the requirements of a statewide system of ECI services. ECI has entered into a Memorandum of Understanding with several universities to develop training materials and educational programs to prepare individuals to provide ECI services.

In addition, ECI agency staff operate a comprehensive in-service training program for the professional and para-professional staff of local ECI programs and for other stakeholders in early childhood intervention, such as school personnel and day-care workers. A fully qualified EIS must obtain 10 contact hours of approved continuing education related to intervention services each calendar year.

Procedural Safeguards and Complaint Resolution

ECI federal and state legislation establish procedural safeguards to protect the rights of children and parents who need ECI services. ECI programs provide a "Rights Handbook" to client families that describes ECI services, procedural safeguards, and client rights. Procedural safeguards include:

ECI's "Rights Handbook" describes safeguards that protect the rights of children and parents who need services.

Prior Written Notice - Parents must be provided with detailed descriptions of ECI activities prior to the activity and must be informed when ECI activities will be denied.

Informed Consent - Parents must agree to participate in an ECI program and ECI activities, and parent responsibilities must be explained in plain language. Informed consent must be obtained prior to all screenings, and evaluation/assessment meetings to develop and update family plans and prior to release of information.

Confidentiality - A signed release of information must be obtained from the parents before ECI information can be shared.

Complaints - Federal ECI requirements mandate a complaint process at the state level, with the potential for appeal to federal officials. This process must be explained to the parents.

Surrogate Parents - Some situations require selection of a surrogate parent to protect the child's interest. ECI service coordinators are required to seek a surrogate parent when necessary.

IDEA legislation also requires that each state develop a system for the timely administrative resolution of complaints concerning an agency or service provider's proposal or refusal to change services to a child. ECI has implemented impartial hearings and complaint procedures through agency rules that provide for due process of complaint resolution.

Under ECI rules, parties in an administrative complaint have the right to appeal if they disagree with the facts and decision.

Program Compliance and Monitoring

ECI statutes require the agency to periodically monitor program activities, fiscal performance of contractors, and to establish appropriate sanctions for providers who fail to comply with program requirements. ECI has adopted rules and policies that outline contractor requirements and spending limitations. In addition to the financial review conducted by ECI staff, contractors must obtain an independent financial audit of their ECI program for any year in which the contractor received ECI funding.

ECI financially monitors about one-third of its contractors each year.

ECI's Division of Provider Funding monitors the financial activities and Provider Relations monitors program performance of ECI contractors. ECI funds must be used for reasonable and necessary program expenses, as defined both in agency and federal Office of Management and Budget policies. ECI's contract with providers specifies that the agency may cancel a contract or withhold funds if ECI determines that a contractor is not in substantial compliance with the contract's provisions. Contractors may request a formal hearing prior to the cancellation of their contract with ECI.

ECI uses a risk assessment methodology to prioritize monitoring activities and conducts a financial review of slightly more than one-third, or 30, of its contractors each year. ECI's financial review of contractors determines if program costs are properly budgeted, documented, and in compliance with all contract procedures. The ECI staff reviewed the financial and program activities of 41 separate contractors in fiscal year 1997. Financial reviews resulted in the identification and recovery of approximately $220,000.

ECI Division of Provider Relations conducts program reviews that include a review of contractor policies and procedures, individual records of services provided to children and families, documentation of data submitted to the ECI office, contact with parents, staff, community members, fiscal records, and documentation of other requirements of the ECI contract, rules, and policies. In fiscal year 1997, ECI staff conducted 47 program reviews of contracts, with 44 of the reviews resulting in a total of 268 separate findings. Common findings included the absence of required due process documentation, incomplete documentation of staff qualifications and training, incomplete IFSP documents, and the absence of client assessment data. ECI program findings lead to preparation of a corrective action plan that contains specific steps that the contractor must take to resolve the problem that caused the finding. Staff training is the most common corrective action required of a provider. As of January, 1998, twenty contractors had met the requirements of an ECI corrective action plan, and cleared their fiscal year 1997 findings. The remaining 23 contractors had not completed the requirements of their corrective action plan.

APPENDICES

Appendix A

Key Federal Legislation Related to Early Childhood Intervention

1970 ***The Federal Early Education For Handicapped Children Act***
Provided seed money for the development and operation of demonstration early intervention programs for children with disabilities. In Texas, federal funds for demonstration projects were administered by the state Department of Health.

1975 ***The Federal Education for All Handicapped Children Act (P.L. 94-142)***
Amended the Early Education For Handicapped Children Act to provide additional funds to serve children age three to five with handicaps. The law mandated a free and appropriate public education for all children with disabilities, mandated education in the least restrictive environment and initiated the development of Individual Education Plans (IEPs) for children.

1986 ***Federal Education of the Handicapped Act (EHA), Part-H***
EHA established a framework for the delivery of services to children age birth to three with developmental delays, or at risk of developmental delays, and their families. The Act authorized financial assistance to states and established specific program requirements for comprehensive services for infants and toddlers. State participation in Part-H was made discretionary, but intervention system development had to be completed within five years for a state to participate. The Texas ECI program received a $3 million federal grant in 1986 to plan and implement services to infants.

1986 ***Texas Receives Federal Funding from the Education of the Handicapped Act (EHA), Part-H***
P.L. 99-457 amended EHA to mandate services for preschoolers with disabilities and established the Part H program of services for children from birth to age three. Amendments to Part H emphasize a team approach to family-centered services and require interagency coordination. ECI was designated as the lead agency for EHA and began efforts to develop a comprehensive service system for eligible children, with emphasis on providing services to infants and toddlers age birth to three. Children over age three were transitioned into special education services within public school systems. ECI services were available in 209 Texas counties by the end of 1986.

1990 P.L. 101-476 EHA is Renamed as IDEA
EHA became the Individuals with Disabilities Education Act in 1990 and was amended to include "people first" language and to allow parents to act as their own ECI service coordinators.

1991 ***Part H of IDEA is Reauthorized by P.L. 102-119; ECI Services are Available in All Texas Counties***
Part H of IDEA was reauthorized for three years and emphasis was placed on the central role of the family in designing and implementing services. Amendments required that services be provided in natural environments, to the extent possible, and added additional categories of services available to eligible children. The amendment enhanced the rights and safeguards for participating families and allowed service coordination tasks to be performed by a variety of qualified individuals. In 1991, ECI programs were available in each of the 254 counties of the state, but not all ECI services were provided in each county and some counties maintained waiting lists for services. The time for a state to achieve "full participation" in the federal entitlement program was extended from five to seven years.

1993 ***Texas Becomes an IDEA Entitlement State***
The U.S. Department of Education provided grants to become an IDEA entitlement state, requiring statewide availability of ECI services with minimal delays. ECI rules were amended to track federal requirements effective January 1, 1993. Entitlement to services mandated through the federal program led to an increase in enrollment in comprehensive services from 12,506 in 1993 to approximately 22,000 today. ECI became a Medicaid operating agency at the end of 1993.

1997 ***The Federal IDEA Improvement Act***
Amendments to IDEA state that services can occur in a setting other than a natural environment only when intervention cannot be achieved satisfactorily for the infant or toddler in a natural environment.

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Appendix B

ECI Medicaid Program			
	Purpose	**Billable Services**	**Non-billable Services**
EPSDT **CCP**	***Preventive care:*** Provision and billing of medically necessary services, under Medicaid. ***Expansion of care:*** CCP removes Medicaid limits for children when a doctor determines certain services medically necessary.	- Child check-ups. - Developmental assessment. - Newborn metabolic screening. - Eyeglasses - Hearing and dental services. (5% of ECI program billings) - Speech therapy. - Physical therapy. - Occupational therapy. (95% of ECI program billings)	Any services that are not direct medical services.
MAC	***Administrative case management:*** Medicaid reimbursement for assisting eligible, and potentially eligible, clients in accessing Medicaid services. ***The early intervention system:*** Maintaining a broad range of functions for administrating the system.	All aspects of the 45 day referral, intake and assessment process for families. - Outreach - Translation - Referral - Case coordination - Medical related portions of the IFSP. - Follow-up - Administration of the Part H system.	Direct medical services.
TCM	***Medical case management:*** Medicaid reimbursements to ECI programs for client access to needed medical, social, educational, and developmental services.	Services targeted to child only: - 90% of intake services getting a child into a ECI program are TCM billable. - Telephone or face-to-face contact with client and provider. - Medical case management. - Access to services: educational, social and day care.	- Outreach to locate potential eligibles. - Cost of service delivery - Administration of the state plan. - EPSDT program administration.

Appendix C

Early Intervention Specialists

Federal regulations define entry level requirements for service providers as entry level professional standards that are based on the state's highest requirements applicable to the profession or discipline. In Texas, this requirement is met through early intervention specialists (EIS). The job title of EIS Professional is an occupational title established through ECI agency rules and used only by a specific group of service providers employed by ECI programs. EIS has two categories of EIS Professional; entry level EIS and fully qualified EIS. To become a fully qualified EIS Professional an employee must:

- possess a bachelor's degree with 18 hours of course credit relevant to early intervention,
- complete a self-assessment of early intervention knowledge and skills, and
- complete the agency's competency-based system of training in early intervention knowledge and skills.

ECI has developed a competency-based training curriculum that an EIS must complete to become fully qualified. An entry level EIS is allowed two years to become a fully qualified EIS Professional. During that period an entry level EIS may represent the discipline of early childhood intervention and may be one of the two required professionals on the interdisciplinary team that develops an individual family service plan. An entry level EIS may also conduct developmental assessments and provide service coordination, special instruction and family education services if determined to possess sufficient training and /or experience to adequately complete these assignments.

To become a fully qualified EIS, an entry level EIS must demonstrate mastery of knowledge and skills in the areas related to early childhood intervention demonstrated through educational attainments, supervisor observation, or through the demonstration of the respective skill. The competency based training program is administered by the local ECI contractor. And, once the program is completed, ECI staff in Austin review the documentation submitted by the local contractor and certify the applicant as a fully qualified EIS. ECI rules specify that an entry level EIS who fails to complete the two year program required to become a fully qualified EIS will lose the status of EIS Professional. Fully qualified EIS employees of ECI programs must obtain 10 contact hours of approved continuing education related to intervention services each calendar year.

Interagency Council on Early Childhood Intervention

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